*WORKERS' COMPENSATION BOARD OF BRITISH COLUMBIA*

# 1991 ANNUAL REPORT

*Workplace safety and health is our challenge . . .*

## Statistics '91

As a companion piece to the annual report, the WCB also produces *Statistics '91* — a collection of statistical information about the Board's operations. The tables, charts, and graphs show the patterns and trends in workers' compensation in British Columbia. Copies are available from any WCB office.

## About this Report

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*On the cover: One of the many grants and awards made by the WCB in 1991 was to UBC's Health Care & Epidemiology and Medicine departments to study the effects of cobalt on saw filers. Involved in the project: (L-R) Interfor filer Hank Wall, UBC's Kay Teschke and Susan Kennedy, and Bob Stewart of the WCB.*

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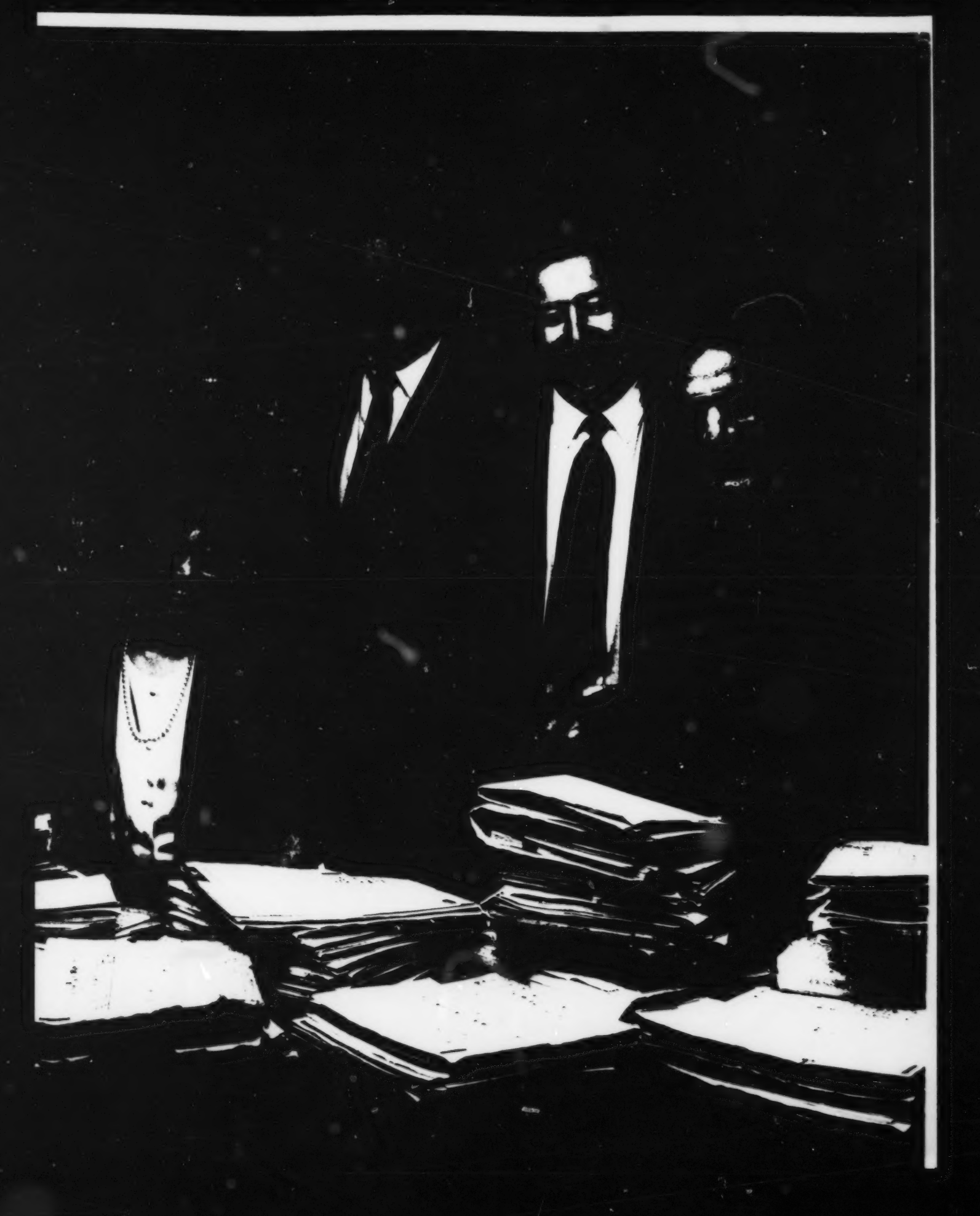
***Workplace safety and health is our challenge.***

***Quality rehabilitation and fair compensation is our commitment.***

***World leadership is our goal.***



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*The Appeal Division functions independently of the WCB, and its Commissioners represent a wide variety of interests. Some of the people assuring impartiality in appeal decisions: (L-R) Cassandra Kobayashi, Hilrie Reimer, James Tonn, Paul Petrie, and Sarwan Boal.*

# CHAIRMAN'S 1991 ANNUAL REPORT

The *Workers Compensation Amendment Act, 1989* was proclaimed on June 3, 1991. It enacted the unanimous recommendations to the Minister submitted on October 31, 1988 by the thirteen-member worker, employer, government and chairman Advisory Committee on the Structures of the Workers' Compensation System of British Columbia.

This legislation transformed the Workers' Compensation Board into a statutory agency governed and directed by the community stakeholders that it is mandated to serve. This reform within the structure of the system is the first step towards ensuring that the parties of interest can participate effectively in the initiation, development and approval of Board policies, programs and procedures. The Governors can then go forward to review the law as reflected in the statute and the policies of the Board.

Most of 1991 was devoted to putting this structure in place so that it could perform its intended purpose. Having established the structure, it was necessary to ensure that it could function effectively and in accordance with the expectations of the parties of interest. Finally, it was necessary to set priorities for the immediate future while fulfilling the statutory and administrative obligations that were essential to continue the operation of the Board without interruption.

## The Governors

In anticipation of the proclamation of the 1989 amendments, i.e., on the first intended date of December 3, 1990, five employer and five worker representative Governors were appointed on March 15, 1990, for two- and three-year terms expiring on December 3, 1992 and 1993. These ten Governors and the dates of expiry of their terms of appointment are as follows:

### Worker Representative Governors

Peter S. Cameron
December 3, 1992
Leif Hansen
December 3, 1992
Angela I. Schira
December 3, 1993
Stanley J. Shewaga
December 3, 1993
Len Werden
December 3, 1993

### Employer Representative Governors

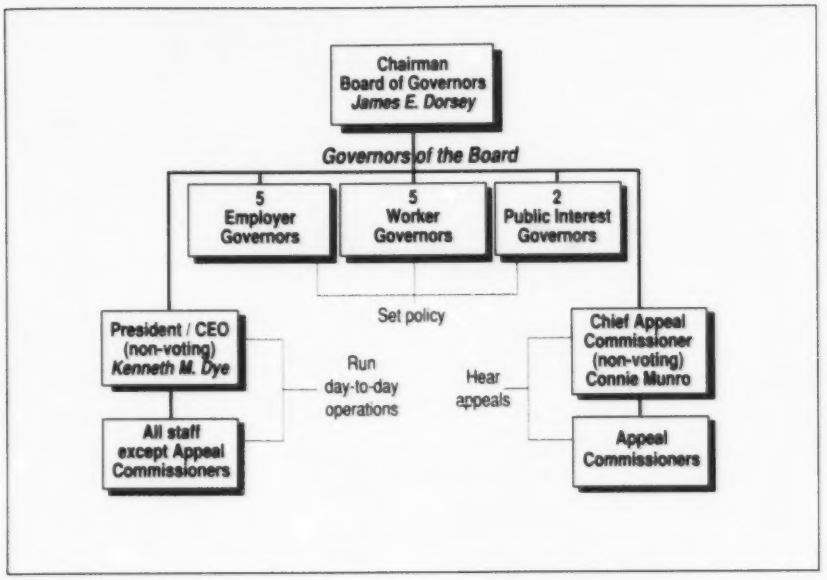
Elyne Johnson
December 3, 1992
Paul Kostuik
December 3, 1992
Murray A. Farmer
December 3, 1993
James G. Matkin
December 3, 1993
John St. C. Ross
December 3, 1993

Mr. Kostuik was compelled to resign because of business demands on his time. On May 30, 1991, he was replaced by Robert Hugh Buckley for a term ending December 3, 1992.

The Chairman is to be appointed after the Minister consults with the ten worker and employer representative Governors. I was appointed on November 9, 1990, for a term ending April 30, 1995.

The Governors then recom-

*James E. Dorsey*
*Chairman, Board of Governors*




mended that the proclamation date be delayed to June 3, 1991, a recommendation which was accepted by the government.

The two public interest representative Governors were appointed after the Minister consulted with the ten worker and employer representative Governors and the Chairman. The ten Governors and the Chairman unanimously recommended a list of five candidates, indicating that any two would meet with their approval. The Minister recommended the five candidates to the Lieutenant Governor in Council, who struck a committee of three Ministers to interview them. Two of the five candidates were appointed on May 23, 1991. Bonnie Jean Hayes was appointed for a term of two years, and Mark Thompson was appointed for a term of three years. Their terms expire May 23, 1993 and May 23, 1994, respectively.

The thirteen voting Governors must select and define the functions of the President and Chief Appeal Commissioner who are non-voting Governors. The functions of the President and the Chief Appeal Commissioner were defined and, with the assistance of executive search firms, a national search was conducted. Governor search committees screened candidates onto a short list and those candidates were interviewed by the voting Governors. Kenneth M. Dye was appointed President under contract commencing April 1, 1991, for an indefinite term at the pleasure of the voting Governors. Connie Munro was appointed Chief Appeal Commissioner for a fixed term in accordance with the statute, commencing March 11, 1991, and expiring June 3, 1995.

## Duties of the Governors

The Governors' broad duties are set out in Section 82 of the statute:

"The governors shall approve and superintend the policies and direction of the board, including policies respecting compensation, assessment, rehabilitation and occupational safety and health and

(a) shall

(i) select and define the functions of the president and the chief appeal commissioner,

(ii) review and approve operating policies of the board,

(iii) approve operating and capital budgets of the board,

(iv) develop policies to ensure adequate funding of the accident fund and of the silicosis fund referred to in Section 41,

(v) approve major programs and expenditures,

(vi) plan for the future of the board, and

(vii) enact bylaws and pass resolutions for the conduct of the busi-

ness and functions of the governors, including, without limitation, bylaws with respect to

(A) the quorum for a meeting or class of meetings of the governors, and

(B) the manner in which their policies shall be published, and

(b) may

(i) establish and give direction to committees,

(ii) authorize the board to acquire and dispose of land and buildings, and

(iii) delegate in writing any of the powers and duties of the governors to the president, chief appeal commissioner or an officer of the board, subject to any terms and conditions set out in the delegation."

Similarly, the jurisdiction of the new Appeal Division led by the Chief Appeal Commissioner is prescribed by Sections 85, 85.1 and 85.2 of the statute.

To enable the Appeal Division to become fully operational by June 3, 1991, the proclamation date, the Governors struck an *ad hoc* Governor committee to prepare recommendations for the voting Governors on operating policies and procedures for the Division. After receipt of more than fifty submissions from the community, the Governors made decisions on *Appeal Division Administration, Practice and Procedure* and *Policy for Selection of Appeal Commissioners*.

It was necessary to address several matters that were not expressly considered by the Legislature in order to make the transition from the previous Commissioner structure to the new structure with its divided responsibility among the voting Governors, the President and the Chief Appeal Commissioner. The outgoing Commissioners, Bill Greer (Acting Chairman from February 4, 1989 to June 3, 1991), Beverley Korman, Joan Nutter and Erik Wood, were most cooperative and helpful in making the transition. These matters led to decisions on the *Published Policy of the Governors, Designation and Assignment to Appeal Division and Chief Appeal Commissioner* and *Interest*.

The *Workers Compensation Amendment Act, 1989* amended the statute to restrict the past practice of the Commissioners, when considering Review Board findings referred to them by Workers' Compensation Board personnel, to use the plenary, independent review power of the Board in Section 96(2) to overturn the findings if the Commissioners disagreed with them. With the cooperation of the Commissioners and approval of the Governors, new procedures and grounds for referral were implemented on May 1, 1991, in advance of the proclamation date. There were a total of eight referrals in 1991. Five concerned the same issue: retroactive adjudication resulting in overpayment.

The new structure and the decisions of the Governors were incorporated into amendments to the Board's three policy manuals. The revised manuals were adopted by the Governors as their published policy, published and distributed before the transition date of June 3, 1991. The necessary physical and operational restructuring to integrate the voting Governors, President and new Appeal Division into the Board was completed.

The only persons to leave the Board as a result of the restructuring were the Commissioners. Bill Greer, who had been Acting Chairman,

*Robert H. Buckley*
*(employer representative)*

*Peter S. Cameron*
*(worker representative)*

*Murray A. Farmer*
*(employer representative)*

*Leif Hansen*
*(worker representative)*

*Elyne Johnson*
*(employer representative)*

*James G. Matkin*
*(employer representative)*

chose not to return to his former, and at that time still-vacant, position as head of the Board's Occupational Safety and Health Division. He left with a severance payment of $298,114.00. Joan Nutter's payment was $163,926.73. Beverley Korman's payment was $153,129.16. Erik Wood returned to the Review Board as a Vice-Chairman. These payments were in accordance with policies previously established by the Commissioners.

## Investiture

A public ceremony was held on June 3, 1991, at which the Governors were sworn into office by The Honourable Chief Justice William A. Esson. Many in the community who were instrumental in bringing about the structural change, as well as Board personnel and others, attended. The Honourable Jim Rabbit, Minister of Labour and Consumer Services, Advisory Committee Chairman Donald R. Munroe, Q.C., and the Chief Justice extended best wishes to the Governors.

## Governor Standard of Conduct

The statute does not address the standard of conduct or the representative role expected from the voting Governors. Therefore, the Governors adopted and each Governor signed a *Statement of Roles and Responsibilities of the Voting Governors of the Workers' Compensation Board*. A *Board of Governors Procedural Bylaw* was also adopted by the Governors.

The *Statement of Roles and Responsibilities* defines the Governors' roles and duties, including those with respect to conflicts of interest and other ethical considerations. The *Procedural Bylaw* defines the procedures by which the Governors conduct their business.

The *Statement* requires that this annual report identify any issues that arose in relation to the *Statement*. There was only one in 1991. Governor Buckley had been approached to participate in a Ministry of Labour and Consumer Services-sponsored examination of administrative practices of the Review Board. The Governors discussed this and determined that prudence dictated that he not participate because there may be an apparent or potential conflict of interest.

Standards of ethical and post-appointment conduct adopted by the Governors for themselves have been included in the contracts of employment and terms of appointment of the President and the Chief Appeal Commissioner. In turn, the Chief Appeal Comissioner incorporated certain of them into the terms of appointment and employment of Appeal Commissioners in the Appeal Division.

## Activities of the Governors

In their first year — operating with vaguely defined roles, no road map and very high community expectations — the Governors achieved a working relationship that produced consensus and results. Rigorous examination of questions and issues, firm opposition to embracing weakly substantiated positions, strong debate, sometimes intense negotiation and always, when necessary, intelligent compromise have characterized the dedication with which the Governors have undertaken their responsibilities.

The Governors met regularly in 1991. There were 19 full Governor meetings, including a two-day meeting at Dunsmuir Lodge, Sidney. There were also numerous *ad hoc* committee meetings. (Corporate records of all meetings are kept in the Governors' Office.)

In addition, the Governors had to undertake much orientation and education about the Board and issues before them. The Governors have commitments to ensure that those whom they represent are informed and consulted on important issues that may affect them. This means that the Governors attend meetings, conferences and seminars, and are spokespersons in their communities on workers' compensation, occupational safety and health, criminal injury compensation matters, and Governors' affairs.

The *ad hoc* committees that were struck and met in the year are the following:

- Appeal Division Practice and Procedure: James E. Dorsey, Peter S. Cameron, Elyne Johnson, James G. Matkin
- President Search: James E. Dorsey, John St. C. Ross, Angela I. Schira
- Chief Appeal Commissioner Search: James E. Dorsey, Peter S. Cameron, Leif Hansen, Elyne Johnson, James G. Matkin
- Appeal Commissioner Criteria: James E. Dorsey, Leif Hansen, James G. Matkin
- Governors' Roles and Responsibilities: James E. Dorsey, James G. Matkin, Angela I. Schira, Mark Thompson
- Procedural Bylaws: James E. Dorsey, Murray A. Farmer, Leif Hansen, Bonnie Hayes
- Criminal Injury Compensation: James E. Dorsey, Bonnie Hayes, Elyne Johnson, Angela I. Schira
- Silicosis Fund Surplus: James E. Dorsey, Peter S. Cameron, James G. Matkin, Mark Thompson
- Occupational Safety and Health Regulation Review: James E. Dorsey, Robert Hugh Buckley, Leif Hansen, Elyne Johnson, Mark Thompson, Len Werden

The Governors adopted a bylaw on their personal and collective liability. Subsequent outside legal opinion has required that the bylaw be reviewed. For this reason it has not been published.

The twelve representative Governors are paid a *per diem* in accordance with the Orders in Council of appointment and the Governors' *Procedural Bylaw*. Because each Governor does not claim for all activities and some do not claim at all, it is not an appropriate measure of individual Governor activity. The information on *per diems* and chairman fees should not be used for this purpose.

Governor *per diems*/fees paid in 1991 were as follows:

| | |
|---|---|
| James E. Dorsey | $144,000 |
| Robert H. Buckley | 4,125 |
| Peter S. Cameron | 1,000 |
| Murray A. Farmer | 6,000 |
| Leif Hansen | 10,250 |
| Bonnie Hayes | 8,625 |
| Elyne Johnson | 15,875 |
| Paul Kostuik | 1,750 |
| James Matkin | 7,250 |
| John Ross | Nil |
| Angela Schira | 8,750 |
| Stanley Shewaga | 5,000 |
| Mark Thompson | 6,000 |
| Len Werden | 6,000 |
| Total | $224,625 |

*John St. C. Ross*
*(employer representative)*

*Angela I. Schira*
*(worker representative)*

*Stanley Shewaga*
*(worker representative)*

*Len Werden*
*(worker representative)*

*Dr. Bonnie Hayes*
*(public interest)*

*Mark Thompson*
*(public interest)*

It must also be underscored that, in many cases, the *per diem* payments and fees are paid to the Governor's employer or the enterprise or organization with which the Governor is associated, or the time given by the Governor is unpaid leave from his or her employer.

The voting Governors, including the Chairman, do not receive any paid or subsidized benefits from the Accident Fund or the government and, on the expiration of their terms, they are not entitled to any severance payment.

Among the many matters that the Governors considered, in addition to those mentioned above, are the following:

- A proposal to construct a $35-million addition to the Board's main administration building in Richmond, which the Governors did not approve
- The 1992 assessment rates, which were set in accordance with past practice, with some additional public consultation and information sessions
- The purchase of a nine-floor building at 8100 Granville Avenue in Richmond at a cost of $16 million
- A recommendation to the government to amend the statute to allow access to Medical Review Panels directly from findings of the Review Board, which was accepted and enacted
- The selection and appointment of Dr. Leonard C. Jenkins, an independent physician, to be Registrar of the Medical Review Panel process with the responsibility to make recommendations with respect to its administration and amendments to the legislation before August 31, 1992
- The movement of the reporting relationship of the Medical Review Panel function within the Board from the Appeal Division and the Administration of the Board to the Governors through the Chairman

## Priorities for 1992

The Governors identified and catalogued the numerous outstanding issues before the Board which were longstanding or had accumulated before and since the Advisory Committee was appointed in 1988. From among these, the following priorities have been set for 1992:

- Development and adoption of a three-year corporate strategic plan
- Review and revision of occupational safety and health regulations
- Review of the Disability Evaluation Schedule for the Spine
- Review and development of strategies for more effective rehabilitation
- Examination of avenues for appeal for parties affected by Board occupational safety and health orders
- Review of Schedule B (industrial diseases)
- Examination of strategies to address chronic pain
- Examination of Medical Review Panel policies and procedures
- Review and development of Criminal Injury Compensation policies
- Examination of the Silicosis Fund and its growing unappropriated balance (surplus)
- A more open and informative process of assessment setting.

In addition, the Governors have budgetary, business, and ongoing policy review decisions to make on many other issues.

## Chairman's Activities

The Advisory Committee and the Legislature foresaw the role of the Chairman to forge consensus among the Governors and in the community; to call and preside at meetings of the Governors; to ensure the productive operation of Governors; to facilitate and monitor implementation of Governor decisions; to be a public spokesperson for the Board on broad policy matters; to develop appropriate relationships with the government; and to supervise a small staff.

Experience has shown that the Chairman's role is necessarily broader and includes: initiating identification, review and development of policies; assuming responsibility for Medical Review Panel administration; dealing with concerns raised by and affecting the President and Chief Appeal Commissioner; maintaining active communication with all the senior executives; being accessible to all personnel throughout the Board and system; exercising a defined role in matters of conflict of interest affecting Governors; maintaining a climate of openness and accountability throughout the system; chairing, scheduling and serving on *ad hoc* committees; and performing other tasks delegated by the Governors.

My activities in 1991 were an attempt at fulfilling these diverse responsibilities while learning the system and the issues and building the new structure.

The consensus envisioned by the Advisory Committee and the Legislature was realized in 1991. The art of consensus-building is complex, and happily I can report that the Governors strove for and achieved a consensus on a wide range of large and small issues throughout the year.

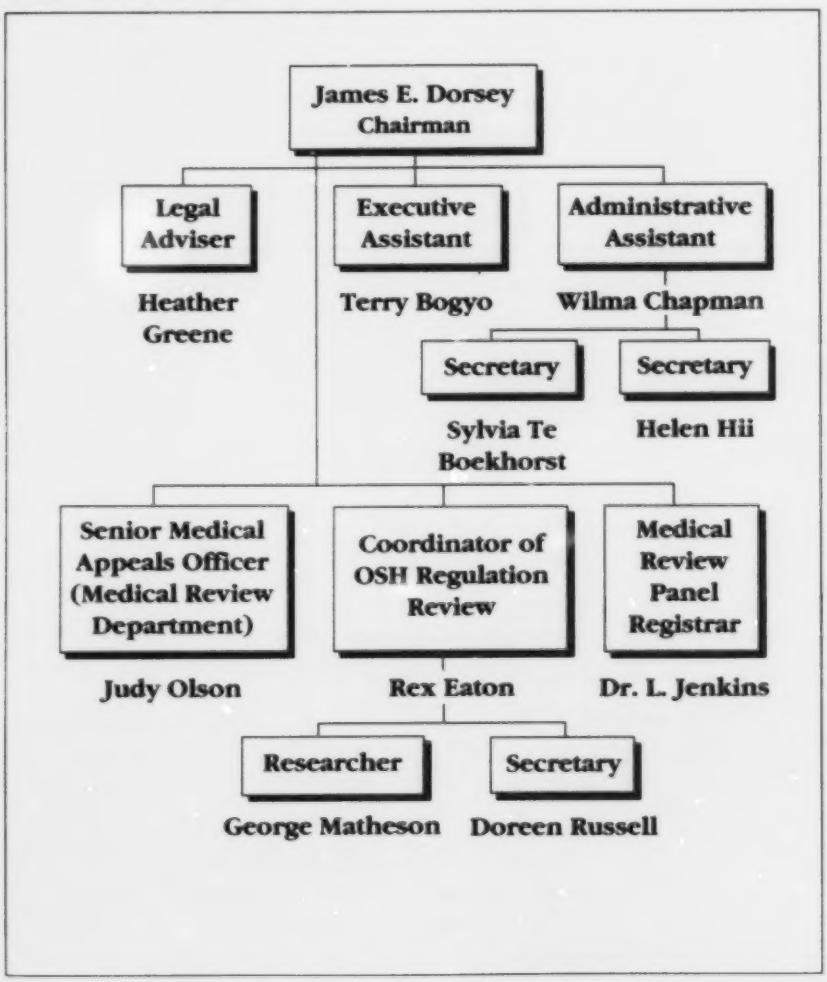
Among my many activities in 1991 were the following:

- Provided leadership for the Governors and the Board's Administration in establishing, introducing and implementing the new structure
- Ensured that the transition occurred without disruption in the workers' compensation system
- Planned and executed the year's agenda in cooperation with my fellow Governors
- Established the Office of the Governors, engaged its staff and supervised the creation of the systems necessary to make the Governors effective
- Wrote, spoke and published about the new structure and related matters
- Attended and spoke at numerous large and small meetings and conferences within and without the Board, including visits to each of the communities where the Board maintains area offices
- Commissioned the first Canadian administrative inventory of a workers' compensation system. Entitled *Workers' Compensation in British Columbia: An Administrative Inventory at a Time of Transition*, the report was prepared by H. Allan Hunt, Peter S. Barth, and Michael J. Leahy. A follow-up investigation will take place in 1995.
- Visited the Ontario and Alberta Workers' Compensation Boards
- Organized and hosted a national session for Governors/Directors of other Canadian Workers' Compensation Boards in conjunction with the Association of Workers' Compensation Boards of Canada
- Provided timely information on proposed and adopted changes through speeches, meetings, manual amendments, the *Workers' Compensation Reporter*, bulletins and per-

## 1991 Statement of Expenses for Office of the Governors

| | |
|---|---|
| Salaries and Benefits | $205,484 |
| Stationery and Supplies | 9,956 |
| Travel | 16,180 |
| Buildings and Services | 914 |
| Communications | 8,504 |
| Furniture and Equipment | 19,087 |
| Publications and Advertising | 14,241 |
| Other Costs (Includes *per diem* and consulting fees) | 483,909 |
| Total Expenses | $758,275 |

## Governors' Office

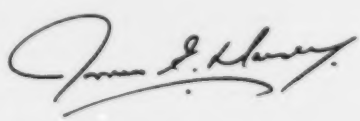



sonal correspondence

- Supervised the revival of the *Workers' Compensation Reporter* and the publication of volume 7
- Assumed administrative responsibilities for the Medical Review Panel process
- Identified and interviewed candidates for public interest Governors
- Liaised with government to attain amendments to the statute to allow easier access to Medical Review Panels
- Negotiated and administered non-voting Governors' contracts of appointment and employment
- Conceived and supervised organization of the public investiture ceremony
- Organized and/or hosted events to establish working relations among Governors and between Governors and the Executive of the Board.

The duties, tasks, and responsibilities of the first year were onerous, taxing and challenging. They consumed more than 1700 hours. I performed them while carrying on and winding down my private law and arbitration practice; serving on the Vancouver Police Board; and striving to learn the system, law and politics of workers' compensation in B.C.

I am grateful to the Governors, the past and present Ministers, Board staff, and many in the community who have demonstrated a spirit of cooperation and enthusiasm to make this new structure work effectively.



*James E. Dorsey*
*Chairman of the Governors*

## FINANCIAL HIGHLIGHTS

| | 1991 | 1990 | Change |
|---|---|---|---|
| **FINANCIAL (,000's)** | | | |
| Portfolio Investments | $3,579,230 | $3,303,451 | 8.3% |
| Assessment and Other Income | $575,572 | $551,028 | 4.4% |
| Investment Income | $329,617 | $324,859 | 1.4% |
| Compensation Costs | $818,943 | $858,056 | (4.6%) |
| Administration and Other Expenses | $151,139 | $129,541 | 16.7% |
| Unappropriated Balance | $66,583 | $131,476 | (49.3%) |
| **STATISTICAL** | | | |
| Employers Registered | 109,106 | 106,088 | 2.8% |
| Claims First Reported | 203,740 | 217,152 | (6.2%) |
| OS&H Inspection Reports Issued | 50,886 | 48,388 | 5.2% |
| Administration and Other Expenses as a Percent of Total Income | 16.7% | 14.8% | - |

**Portfolio Investments** — in order to reduce risk and to enhance investment returns, the Board in 1991 diversified approximately $600 million, or about 20%, of its total portfolio into the Canadian equity market. The 1992 diversification plans include the allocation of 8% into the U.S. equity market.

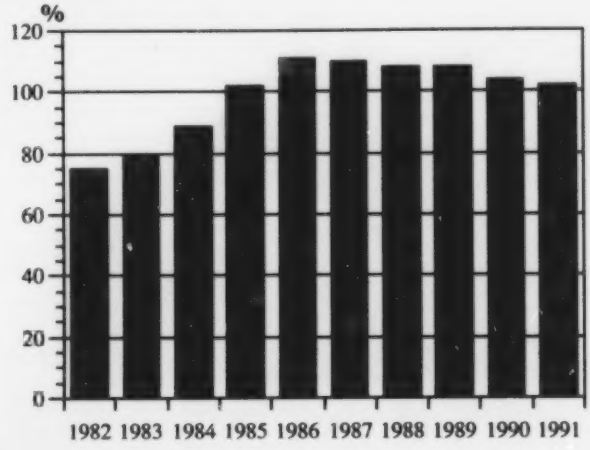
**Assessment and Other Income** — the increase over 1990 is largely the result of increased economic activity. The 1991 aggregate assessment rate is estimated to be $1.94 per $100 of assessable payroll. The maximum assessable wage for 1991 was increased to $45,800.

**Investment Income** — the return on the average value of the investment portfolio was 9.4% compared to 10.1% in 1990. The real rate of return, being the yield in excess of C.P.I., was 5.6% compared to 5.5% in 1990. Total investment income was higher in 1991 mainly due to amortization related to previously deferred gains.

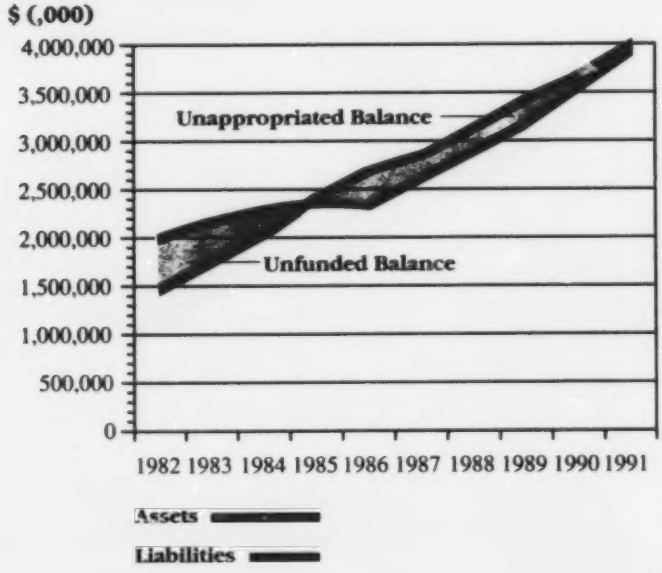
**Compensation Costs** — total compensation costs, which includes current and prior years' claims as well as special reserve costs, decreased by 4.6% from 1990. This decrease was mainly a result of a reduction of $73 million, or 24.3%, in the adjustment to prior years' actuarial estimates. The current year claims costs increased by 4.3% as a result of increases in inflation, including average weekly earnings, in general employment levels, and in claims severity, slightly offset by a decrease in the injury rate. The maximum wage for benefits was increased from $43,400 to $45,800.

**Administration and Other Expenses** — the 16.7% increase reflects the Board's major commitment to increasing the service levels to the public, especially in Occupational Safety and Health and in Claims Adjudication, as well as inflation increases and the Board's continuing improvements in computer facilities and systems. Because of increased service levels, extraordinary expenditures were incurred for physical space requirements.

**Percent Funded**




**Assets and Liabilities**




**Unappropriated Balance** — the 1990 unappropriated balance of $131 million decreased to $66 million in 1991, in line with the Board's stated, ongoing objective to minimize any unappropriated balance or unfunded balance.

**Percent funded** — a meaningful measure of the security provided by the assets covering the Board's liabilities is obtained by expressing those assets as a percentage of liabilities. At year-end in 1991, the percent funded was 102%, compared to 104% in 1990. This reduction reflects the Board's conscious attempt to achieve a 100% level. The Board's 10-year history of assets, liabilities, and percent funded is traced in the graphs shown on this page.

The percent funded rose from a low of 75% in 1982 to a high of 112% in 1986. Since that time, the percent funded has fallen to 102%, largely due to reductions in average assessment rates. The volatility of inflation, interest rates, injury rates and average per-claim costs, however, makes it impossible to consistently maintain a 100% funding level.

**Assets and Liabilities** — The Board's assets have grown from $1.5 billion in 1982 to $4.0 billion at the end of 1991, while its liabilities have grown from $2.0 billion to $3.9 billion over the same period.

## MESSAGE FROM THE PRESIDENT

I am pleased to present my views regarding the 1991 Annual Report of the Workers' Compensation Board of British Columbia.

As the first president and chief executive officer of the WCB, it is my responsibility to manage the organization's day-to-day operations. I am also a non-voting member of the new Board of Governors representing the interests of workers, employers and other stakeholders.

As part of my commitment to accountability, this report provides the most complete financial and statistical information ever disclosed in a Board annual report. It includes a new section called *Management Discussion and Analysis*, which outlines and interprets the year's key operational highlights. In addition, there is considerable focus on the new operational initiatives and objectives which were undertaken in each Division to begin the process of delivering on our strategic plan for the future.

*As part of my commitment to accountability, this report provides the most complete financial and statistical information ever entered in a Board annual report.*

### A new vision

The first key initiative following the change in governance was to create a new vision, at the core of which is service to the injured worker. A new value system was codified as our Management Philosophy — a set of 17 distinct commitments to provide staff with a more human corporate culture.

The second step was to draft a new mission statement which essentially defines what we do, our priorities and our ultimate goal in meeting the needs of our interested parties. It reads:

"Workplace safety and health is our challenge.

Quality rehabilitation and fair compensation is our commitment.

World leadership is our goal."

As the mission indicates, reducing the risk of accidents or occupational disease is the Board's number one priority. For those who suffer injury or disease, quality rehabilitation is our next priority, while fair compensation remains our ongoing commitment to all injured workers. The final statement encompasses both the ongoing mission and goal of providing superior service, and services, to workers and employers in a caring, cost-effective manner.

We are assisted in this goal through our positive financial situation. The Board remains in a sound financial position in keeping with our policy to remain fully funded. At the end of 1991, our surplus was $66.5 million, a funding ratio of 102 percent. This small change in funding from last year's figure of 104 percent reflects our goal to achieve a 100 percent funding ratio.

Strong performance in our investment portfolio with a real rate of return over inflation of 5.6 percent subsidized assessment. The investment returns formed part of the revenue which was directly applied to defray the cost of assessments, keeping them among the lowest in Canada.

### Strategic plan sets course

The corporate strategic plan developed as part of the vision will determine our course through the nineties. It focuses on people; quality service; legislation, policy and research; technology; financial management; community relations; and accountability.

From our strategic plan we have developed an operating plan for 1992. Major elements in the operating plan include a fresh approach to vocational rehabilitation, earlier intervention by medical and physical rehabilitation specialists to assist in returning injured workers to the workplace, development of a management information system, establishment of a disaster recovery plan for our information systems division and technological changes.

### Change in accounting principles

I am also pleased to report that the Board is now in compliance with generally accepted accounting principles instead of stated accounting principles, in keeping with the manner in which most corporate financial statements are presented. Our financial statements reflect this change primarily through the way in which the Board values its invest-

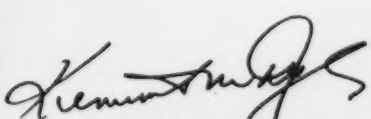
ments and how investment gains and losses are recorded.

Administration and other expenses rose by 16.7 percent in 1991 as we maintained our commitment to meet the increasing needs for service of all interested parties. We are not intending to allow administrative expenses to rise as rapidly in the future. While customer service is a key objective for the 1990s, I am also aware of my responsibility to operate the Board cost-effectively. To that end, I am convinced that there are significant savings achievable in various costs as we learn to manage the compensation system better.

## A dedicated effort

In closing, I want to pay tribute to our employees for their outstanding efforts in meeting the challenges of change this past year while maintaining levels of service. I also want to thank those persons, unions, employer associations and other organizations who have provided thoughtful and positive input to enable the Board to move forward.

To all our interested parties, I commit the contents of this report for review and discussion. We know where we want to go and we know how to get there. 1992 will bring further significant changes to the Board which will be my challenge to manage well with the assistance of our management team and the support of our Governors.



*Kenneth M. Dye, F.C.A.*
*President and Chief Executive Officer*

## MESSAGE FROM THE CHIEF APPEAL COMMISSIONER

The Appeal Division of the WCB came into existence with the proclamation of the *Workers Compensation Amendment Act, 1989* (Bill 27) on June 3rd, 1991.

Bill 27 divided the responsibilities of the former Commissioners: the legislative function of policy making to a Board of Governors, the executive functions to a Chief Executive Officer, the judicial functions to the Chief Appeal Commissioner.

I was appointed to head the new division and sit as a non-voting member of the Board of Governors. Liaison with the administrative arm of the Board is through my participation on the Executive Committee. The Appeal Division currently consists of 13 non-representational Appeal Commissioners (three part-time) and six Appeal Commissioners (two part-time) representing labour and management.

### The first challenge

Our first task was to deal with the backlog of 1,742 appeals — some which were more than three years old — that confronted us on June 3rd. After a vigorous, sustained attack, that number was reduced by year-end to 624 . The backlog will be eliminated by May 31, 1992. The division will be downsized in 1992.

Our work has made a sizeable dent in the historic case load, but new appeals have been received at an unprecedented rate — an average of 207 per month. The Act requires that appeals made subsequent to June 3rd must be concluded within 90 days of commencement.

The increase in the number of appeals is due, in part, to Bill 27 creating new appeal rights for employers in the areas of assessments

and occupational safety and health. The Appeal Division has also been assigned various other responsibilities such as issuing certificates (under Section 11 of the *Act*) to the Supreme Court.

## Independence and impartiality

There are many areas of progress, but I view the new independence of the Appeal Division as a development of primary and substantial significance. Decisions are based on an objective application and interpretation of the statute and Board policy and a careful weighing of the evidence. Except where a dispute is appealed to a Medical Review Panel, our decisions are final and conclusive.

*I view the new independence of the Appeal Division as a development of primary and substantial significance.*

In dealing with Occupational Safety and Health matters, the Appeal Division does not make policy and does not enforce the regulations or impose the penalties. Our concern is not whether the Board gets the money because of the penalty, but whether the penalty has been properly imposed. In dealing with claims matters, entitlement to compensation is judged on the basis of an objective reading of the statute and policy applied to the facts of the case. There is freedom to interpret and apply the statute and to determine the lawfulness of policy and practice.

A major decision before year-end resolved the long-standing impasse that had existed between the WCB and the Review Board on the question of retroactive adjudication and collection of overpayments. The result has been a change in WCB practice, and the Governors will be amending their policy to reflect the interpretation of the statute adopted by the Appeal Division.

Bill 27 reinforced the independent role of the Workers' Compensation Review Board by limiting reconsideration of Review Board findings in the absence of an appeal to errors of law or contravention of published policy. Referrals from the CEO now result in clear and binding interpretations of the Act and judgments as to the lawfulness of policy.

The division is changing the way problems of principle are being handled. Submissions from the compensation community are received on key interpretive issues — the first in August on the retroactive adjudication question — where those concerned had opportunity for input before the decision was made resolving the legal dispute. Consultation was also sought on the practice and procedure to be followed by the division.

Although the bulk of appeals are handled by way of written submissions, the Appeal Division has the capacity to hold oral hearings where appropriate. There have been approximately 20 oral hearings per month. These have been held mostly in Richmond — where they will continue to be heard until the backlog is eliminated. Hearings in the future will be at additional centres of convenience throughout the province. Travel costs and accommodation for appellants and respondents, meanwhile, are being covered by the Board.

Selected decisions of the Appeal Division are published in the *Workers' Compensation Reporter* to illustrate the application and interpretation of the statute and to promote adjudication consistency.

The division also handles all file disclosures for the Board.

## Responsibility to the community

As the final level for most appeals, the Appeal Division has an immense responsibility. If someone is having legitimate problems with the system, the Appeal Division is, for the most part, the last opportunity for the Board to set things right.

For occupational safety and health and assessment appeals, the Appeal Division is the only independent forum available.

Appeal Division staff strive to provide efficient and non-bureaucratic processing of the large volume of appeals.

The Appeal Commissioners who have been part of this very busy first year of operations are committed to providing a fair, impartial hearing of each and every case.

*Connie Munro*
*Chief Appeal Commissioner*

# OCCUPATIONAL SAFETY AND HEALTH

In broad terms, the Occupational Safety and Health Division's principal function is to assist industry in preventing occupational injuries and disease. Compensation Services provides for workers when industry's prevention process fails.

The *Workers Compensation Act* gives the Board the authority to develop regulations which are basic to safety and health in the workplace. The Industrial Health & Safety, First Aid, WHMIS and Occupational Environment regulations define requirements of both employers and employees — some are general and cover all workplace situations while others are specific and detailed.

## The role of inspections

By enforcing compliance with these regulations through a province-wide inspection network of some 170 field officers, the Occupational Safety and Health Division ensures that industry accepts its responsibility for the prevention of workplace accidents and industrial disease. These inspections — traditionally unannounced — are made by the field officer together with representatives of both the employer and employee groups. Depending on industry classification and past performance, inspection frequency may vary from as often as every few weeks (in high-risk situations), to every few years (in low-risk areas).

If a workplace is not in compliance with a regulation, the regulation and the problem are identified and the employer is directed by written order to correct the situation. Persistent or serious infractions may bring penalties.

Inspectors, many of whom have specialized knowledge of certain industries or areas of safety and health, support each other. In addition, their work is supported by other Occupational Safety and Health specialists — including engineers, doctors, audiologists, first aid officers, and analytical chemists.

## The workplace is changing

New technology is changing the nature of the workplace and the appropriateness of the regulations. As the Industrial Health & Safety Regulations were written prior to 1978, the regulations are currently under review by a sub-committee of the Board of Governors, who have assumed ownership of the review process.

Today's claims include the long-term latent effects — as long as 40 years — of past workplace exposures resulting in diseases such as asbestosis, silicosis and lung cancer. They also include claims from workers who have suffered hearing loss brought on over the years by the noise of equipment and machinery such as jackhammers, turbines and chainsaws, in industries such as sheet metal works, sawmills, and furniture manufacturing.

But along with these more traditional claims are new claims that reflect the changing workplace. There has been a significant increase in repetitive strain disorders such as tendonitis and carpal tunnel syndrome which may develop when the same movement is repeatedly made during the working day.

There is a need for more ergonomic study — the relationship of the worker to the work process. It is often easier to adjust the work environment than it is to adjust the worker.

**Judging effectiveness**

The Occupational Safety and Health Division continues to mount educational campaigns aimed at workplace accident and disease prevention, using more and better imagery and visual technology. *Are these programs effective?* There are many variables and definitive answers are difficult, but long-term statistics indicate that there *does* appear to be a measurable relationship between worker knowledge and awareness and a lower number of workplace accidents. Statistical monitoring and review will continue so that judgment of the effectiveness of Occupational Safety and Health activities can be made.

The management of the Field Services Department continues to pay close attention to on-going staff education and training, to consistency in the quality of inspections, and to regulation enforcement.

The division is biased to neither employer nor employee. The goal is to have safe British Columbia workplaces through the identification of potential industrial safety or health problems, and through remedying situations that are likely to cause accidents, injury, disease, or death.

*The B.C. Ferry Corporation invited the WCB to talk about work safety to its officers and staff. WCB Occupational Safety Officer Dick Shaw (R) and B.C. Ferry Corporation safety staff Ken Michael (L) and Ray Day were key people in the program.*

## COMPENSATION SERVICES

Compensation Services is the largest Division of the Board. We are responsible for all compensation benefit payments for injured workers, as well for the provision of vocational rehabilitation services.

The benefit areas include wage loss compensation, provided by eight units in Richmond and nine area offices serving the communities outside of greater Vancouver; pensions, provided through Disability Awards for injured workers with permanent disabilities; and medical aid payments, made on behalf of injured workers.

### Bill 27 restructuring

Much effort in 1991 went into preparation for the new structure provided by Bill 27. The Vice-President served on a senior management committee that worked with the new Chairman, Jim Dorsey, to prepare for a smooth transfer of responsibility to the new Board of Governors on June 3, 1991. We were also introduced to a new position at the Board, President and CEO, and a new leader in the person of Kenneth Dye.

Workload continued to be a major issue for the front-line adjudicators. A project aimed at restructuring the workload was commenced in 1991. This effort provided some relief but other factors created more pressures for the adjudicators.

"Relief of cost" applications by employers under Section 39(1)(d) and (e) and the newly structured Appeal Division — in meeting its mandate to deal with the backlog remaining from before June 3rd — generated much more activity.

A six percent reduction of new claims provided some minor relief. This was the first reduction in claims volumes since 1986; in fact, the Board had experienced an increase of 40 percent up until the beginning of 1991. The Governors have highlighted adjudication as a priority and have commissioned a study in 1992 to address problems in adjudication.

*We are responsible for compensation benefit payments and vocational rehabilitation.*

### A new tone at the Board

The Governors adopted a philosophy of openness and accountability and, internally, efforts were focussed on making this transformation. Ken Dye led the way in this respect and has set the tone for the future climate within the Board. Communication with staff was enhanced with news bulletins from both the Chairman and the Executive Committee immediately following meetings.

### Independent study published

The Chairman commissioned an Administrative Inventory, which focussed on Compensation Services and provided an external evaluation of the services provided by the Division. The report was well done and provides a benchmark for the Governors.

Two new senior managers have assumed positions in the Compensation Services Division to provide leadership to the Vocational Rehabilitation Services, and Training and Education departments. Both areas have been given high priority within the Division and are expected to make significant improvements to service levels in 1992.

Compensation management and staff have been preoccupied with the many changes going on at the Board, but are now looking forward to meeting the challenge of putting a new face on the Workers' Compensation Board and proudly meeting the needs of injured workers.

*Compensation Services has developed graduated return-to-work programs that help get people back to work quickly. In one such program, Ken Sykes (centre) of the WCB and Frank Rice of the Liquor Distribution Branch share the spotlight with Denise Beatty, a rehabilitated LDB employee.*

Apart from its function advising the Claims and Vocational Rehabilitation Departments, the Medical Services Division consists of individuals dedicated to the rehabilitation of injured workers.

### Working together to help

In many cases, this involves a multi-disciplinary approach with therapists, psychologists, and physicians, as well as vocational rehabilitation consultants and claims adjudicators.

*The emphasis is on involving the injured worker in both physical and vocational rehabilitation.*

The Board has a state-of-the-art Rehabilitation Centre, and the emphasis is on involving the injured worker in the process of both physical and vocational rehabilitation, with a focus on early reactivation to prevent the problems resulting from prolonged disuse and absence from work.

### Specialists cover the needs of workers

There are also teams specializing in the care of amputees, head injuries, and hand injuries, as well as back education and evaluation programs.

Specialities such as physical medicine, orthopaedics, neurology, psychiatry, chiropractic, opthalmology, and internal medicine, as well as plastic and orthopaedic surgeons specializing in hand injuries, are represented at the Board by either full-time or part-time specialist consultants.

The psychosocial problems associated with injury, as well as the increase in psychological claims such as post-traumatic stress syndrome, have been met by increased psychological involvement to assist workers in the recovery process.

### World-class Rehab Centre

At the Rehabilitation Centre, there is up-to-date equipment as well as a Functional Evaluation Unit and workshops that can replicate almost any workplace activity.

To assist in this, there is an efficient group of support staff as well as a Residence to accommodate injured workers from outside the Lower Mainland.

At the moment, the Board is in the process of considering the implementation of early intervention to further assist in the recovery process.

*Every injured worker benefits from the expertise of a large team of people at the WCB. The case of Pat McMahon (sitting) involved (L-R) physician Peter Barton, rehabilitation therapist John Barling, shop instructor Fred Glastetter, claims adjudicator Della Rae Carrol, and occupational therapist Paramjit Kalkat.*

The lines of communication between the Workers' Compensation Board and the employers that fund its services were broadened in 1991. For the first time, having dealt in the past only with *associations* of industry, the Board extended an invitation that sought the participation of *all* employers.

Meetings involving the Assessment and Actuarial Departments of Financial Services and a variety of interested employers were held in Prince George, Kelowna, Nanaimo, Victoria and the Lower Mainland. The meetings added substantially to an understanding of the rate-setting process.

The number of active employer accounts continued to increase, reaching 109,106 at December 31, 1991, up 2.8% from the previous year.

## New pension system

An additional highlight of the division's year saw the initiation of a new system developed to provide more efficient processing of pension cheques to permanently disabled British Columbia workers. It was a milestone for the division and for the departments involved, directly benefiting the 26,000 men and women who now receive pension cheques.

The new system interfaces with Compensation Services, with the actuaries, and with people and files in other departments. The completed first phase of a multi-phase program was developed by the WCB's staff in association with outside consultants.

As well as its Assessment and Actuarial Departments, Financial Services also includes the Treasury, Controller's and Statistical Departments — a total complement of some 210 people with an annual operating budget of about $12 million.

The Treasury Department is providing well for the funds required to cover the many years of pension costs that lie ahead. The WCB investment fund, which will top more than $4 billion in 1992, pays for the pensions, wage losses and medical aid over long periods, and helps to minimize WCB assessments paid by B.C.'s 109,000-plus employers. Investments are made in a variety of stocks, bonds and other equities in Canada.

Some 80% of the fund is managed by Treasury staff people. The 20% of the fund handled by "outside" managers involves transactions that may require the arms-length trading of equities of WCB-involved employers. The WCB investment yield in 1991 was 9.4% — compared with 10.1% in 1990 — significant in a downturned economy.

The Controller's department is responsible for the administration and provision of the WCB's financial systems and controls. The department is also responsible for the purchasing and distribution of goods and services and for payment of the WCB's suppliers. In addition, the Controller's department manages the assessment revenue from the employers and makes pension payments.

The Statistical department provides timely statistical information, update reports, and analysis services to a broad range of employer, labour, and occupational health and safety groups.

The WCB's new philosophy has produced more openness in relations with employers, demonstrated by the employer information sessions. Purchasing — again in line with the Board's new philosophy — is seeking even greater cost savings.

Financial Services is very aware of the roles and concerns of its clients. The division takes pride in operating in a cost-effective manner, providing quality service through a highly trained and motivated staff.

*Market strategies are set by the Board's Investment Committee, which includes: (L-R) Doug Smith, Toni Mitchell-Jacobs, and Bill Evans. Pictured with them is one of the WCB's external equity managers, Don Krogseth of Connor Clark & Lunn Investment Management Ltd.*

## LEGAL SERVICES

The Legal Services Division acts on behalf of the injured workers and employers of British Columbia and supplies a wide range of expertise that is required by the divisions and departments of the multi-faceted WCB.

The Legal Services Division administers the *Criminal Injury Compensation Act of B.C.* on behalf of the Ministry of the Attorney-General. A separate annual report is produced for this program.

Day-to-day activity includes work as varied as litigation on behalf of workers who have been injured by the negligence of a third party, the legal steps required to enforce the collection of employer assessments, the buying and selling of real estate, and representation on behalf of the Board in human rights cases.

*Last year, 4.9 million dollars was recovered in cases fought on behalf of injured workers.*

### Developing new regulations

Legal Services plays an important part in the development of new occupational safety and health regulations, their enforcement and penalties. It counsels Board officers acting as witnesses at coroner's inquests.

The WCB is one of the few corporate legal departments to have its own articling program, sanctioned by the benchers of the Law Society of British Columbia.

### Making the law work for workers

Legal "bread-and-butter" work at the Board is in personal injury litigation. In the last few years, between three and five million dollars has been recovered annually in cases fought on behalf of injured workers.

During 1991, the Board took successful action on behalf of injured workers and dependants against third parties (other than workers or employers) who were responsible for the injuries, recovering a total of $4,885,212. The comparable figures for 1989 and 1990 were $3,739,044 and $2,979,763. In 294 of these cases, the amount recovered was in excess of that already awarded in compensation benefits. The excess amounted to $2,798,744 and was paid to respective workers and dependants. A total of $2,086,468, representing Board disbursements in these matters, was also recovered.

These actions—up to 700 a year—are vigorously pursued on behalf of workers. Without the WCB, many of these actions could not be pursued by the workers or dependants.

In accordance with Section 47(2) of the *Workers Compensation Act*, employers not registered at the time of an injury may be penalized up to the full cost of that injury. During 1991, the total cost of accident penalties levied under Section 47 (2) amounted to $349,398, involving 154 firms.

The WCB in-house Legal Services Division saves the costs of outside services, but it also has a high degree of competence through special knowledge, corporate familiarity and continuity.

This is a division that is proud of the job it does for the workers of British Columbia.

*The WCB brought an action in the Supreme Court of B.C. in the name of Lily Fok (R) to recover damages after she was injured in a workplace accident. In addition to compensation, she received a significant excess payment over and above the compensation paid to her. Scott Nielsen was counsel for the WCB.*

## ADMINISTRATION SERVICES

Administration Services is a division of approximately 150 people. Its budget — much of it in buildings and equipment — is $28 million. Departments in the division include Human Resources, Labour Relations, Corporate Education and Development, the Library, Community Relations and Facilities.

With British Columbia growing, the WCB has also had to grow to serve a bigger provincial work force, thus increasing the space needs for the WCB's people and their services. Rather than expand the head office at considerable cost, a new building was purchased at 8100 Granville in Richmond and space leased in another location.

Change in 1991 also brought more attention to the WCB's *human* resources — including our need to recruit the best, and to better nurture well-trained, loyal, motivated people. Among our initiatives, new programs of corporate education were developed to keep the WCB's diverse complement of professionals, technicians, office workers and field officers abreast of new technology, on track in their present careers and ready to adapt to evolutionary change.

Retirement at age 65 is no longer mandatory at the WCB. Further recognizing and being more receptive to its "people asset," the Board initiated pilot programs in job-sharing and flextime in 1991. The changing work/lifestyle concerns of young families have been incorporated into corporate planning.

Administration Services always weighs costs against an expectation of quality. While the Division monitors costs, it also has a high standard of value. It was this perspective that led to the purchase of the new building. An additional 200 people could have been placed into the existing Richmond building, but the move would have led to crowding and lower productivity. The new building will foster more efficiency and, as an investment, it is expected to increase in value.

The Facilities department aims for an environment where productive employees can effectively serve the WCB's end users. This means quality maintenance of buildings and facilities that must operate at peak performance, serving claimants with a range of physical capability brought about by workplace injury.

*Change in 1991 brought more attention to the WCB's* human *resources*

Community Relations develops and distributes occupational safety and health brochures and a variety of specialized safety training materials. Highly respected films and posters are available for B.C. workers and employers, and many times their messages are adopted by other Boards and other jurisdictions. The U.S. Navy, for instance, is a major user of the WCB's occupational safety and health and WHMIS material.

New guidelines are now in place in the form of the Vision Statement and Management Philosophy. The Administration Services division's principal responsibility within these guidelines is to make sure that the employees of the WCB have adequate facilities, supplies, and opportunities to be as productive as possible.

This means workable space, functional furniture and equipment, comprehensive knowledge, and the best of training.

*In 1991, Sally Gibson (centre) introduced a "Train the Trainer" program tailored for the WCB by the Vancouver Community College. Compensation Services Training and Development Manager Peter Hopkins learned skills that he passed on to Claims Unit Clerk Kashi Mattu.*

The Information Systems division of the Workers' Compensation Board aspires to be responsive to the desire of its internal clients to make *better* things happen *faster*. Additional goals are to present information that is both timely and secure.

Information Systems (ISD) develops and maintains the WCB's business software. ISD has accepted the challenge of initiating a Disaster Recovery Plan which — in the unlikely event that the Board's Richmond complex were to be destroyed or become otherwise unusable — would ensure that critical information would still be available to support ongoing WCB services.

Unlike some WCB divisions which have more direct contact with the Board's external clients, ISD primarily serves the internal needs of the WCB, with technology that assists in creating an efficient workplace. Mainframe and stand-alone computers, and networks for voice and data, ultimately translate into faster, more professional service to employers and workers.

### New pension system introduced

In cooperation with several other divisions, Information Systems was instrumental in the successful launch of the new pension management system, which peaked with the involvement of 65 staff. The project was noteworthy because of the significant data-sharing that was required between two major business divisions: Financial Services and Compensation Services.

The need for responsiveness also saw a realignment of people and resources along divisional lines. Six ISD business groups will now respond with more familiarity to the needs of the division each regularly serves.

### Communication improved

Paper use was reduced during the year when the Memo® electronic mail system was expanded from an original pilot group of 300 staff to some 1,550 by the end of 1991, and now involves more than 70% of Board employees.

The Aspen® voice mail system was also implemented in 1991. By year-end, 500 staff were using voice mail. Additionally, an Information Strategy Plan was successfully created for Occupational Safety and Health, and a Business Area Analysis was done for Medical Services. Development of a Criminal Injuries System began in 1991.

*The division focuses on the overall business value of its investments*

Seeking more common ground for understanding, a corporate glossary was established to develop a universal set of business terms and data definitions.

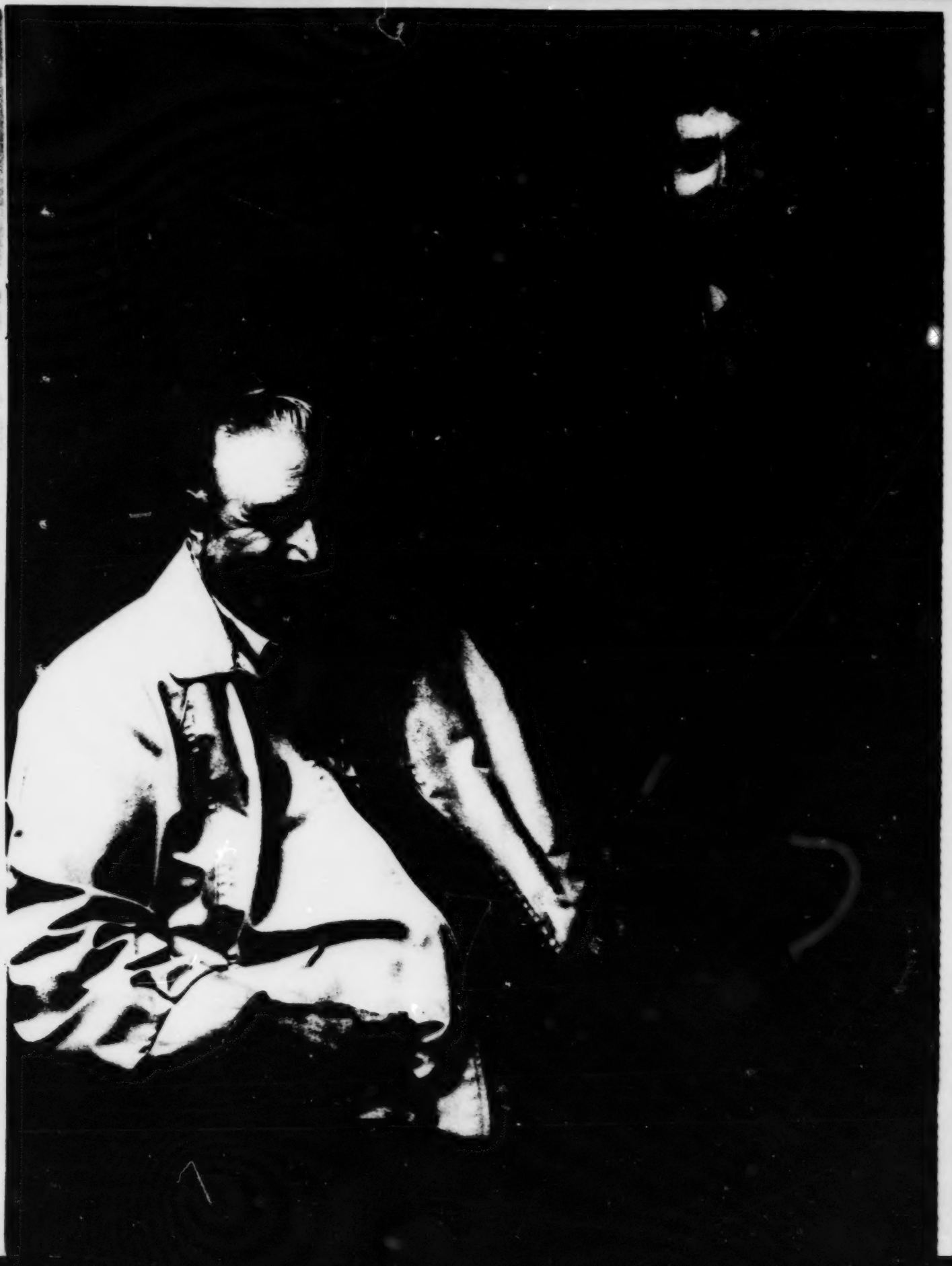
### Investigation of "imaging"

A case was developed for converting the Board's paper-based claim files to computer-based images. Whereas paper files can only be used by one person at a time, "imaged" files are simultaneously accessible by all interested parties. The major identified benefits of a new system are increased productivity, better claims management, disaster recovery capability, and improved service to clients. Investigation of this new technology will continue in 1992.

Doing the *right things* — more than simply just *doing things right* — is an increased focus in Information Systems. The division strives to maximize the effectiveness of its resources by focusing on the overall business value of its investments.

Information Systems' philosophical link with the WCB's Management Philosophy is strong: Through creative partnership with its clients, the division will extend the range and quality of services that the Workers' Compensation Board provides to its community.

*The first phase of the new Pension Management System was implemented in November. It administers pensions for injured workers and makes sure that the amounts on 26,000 cheques, like the one that goes to Roy Hardie (L) are correct. Wayne Koskinen (R) from ISD was the senior Project Leader on the development team.*



## 1991 GRANTS AND AWARDS

Grants and awards totalling almost $700,000 were made in 1991 to fund continuing and specific workplace-related research by British Columbia colleges and universities, as well as programs of others in associated fields.

**B.C. Research Corporation**
Evaluation of Methods for Minimizing Repetitive Strain Injuries in B.C. Industries — Parts I and II: $105,609

**B.C. Safety Council**
Construction Safety Officer Certification Program: $9,000

**B.C. Safety Council**
Education and service activities: $25,000

**B.C. Safety Council**
Request for support of proposals: $35,000

**British Columbia Institute of Technology** — Entrance Scholarship Fund: $1,966

**Canadian Paraplegic Association**
(Year 4/5): $77,500

**Canadian Standards Association**
Occupational Health & Safety Program: $9,734

**Cancer Control Agency**
(Year 5/5): $150,000

**Simon Fraser University**
Automated Manufacture of Limb Shapes for Endoskeletal and Exoskeletal Lower Limb Prostheses: $60,804

**Simon Fraser University**
Evaluation of underwater breathing apparatus: $45,190

**University of British Columbia**
Al Riegert Award in Occupational Hygiene: $5,000

**University of British Columbia, Department of Health Care and Epidemiology:**
"Exposure of Saw Filers to Cobalt and Other Metals: Pilot Study": $68,808

**University of British Columbia Orthopedic Days 1988**
Up to $2,500 to cover deficit; three prizes of $250 each for best resident papers; printing of residents' papers: $3,750

**University of British Columbia, Occupational Disease Research**
"Prospective Study of Pulp Mill Operators and Construction Workers with Accidental Exposure to Irritant Gases" — critiques: $800

**University of British Columbia**
Continuing support of an Occupational and Environmental Respiratory Disease Registry: $10,059

**University of British Columbia Occupational Diseases Research Unit, Respiratory Division**
(Year 4/4): $50,000

**All others** $3,080

**Total $661,300**

## COMMUNITY PROJECTS

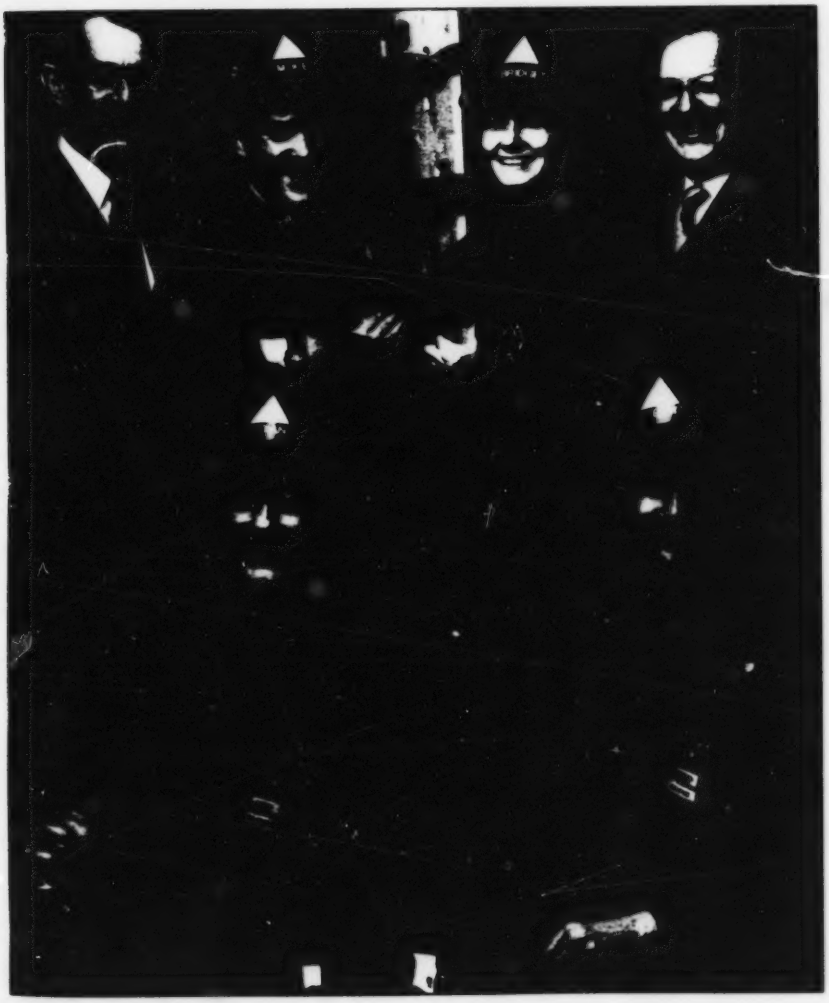
To reinforce its message of workplace safety in the community, the Workers' Compensation Board initiates and supports several outreach programs.

Safety Challenge, held in Vancouver, is a summer "fair" that attracted more than 2,000 people in two days of occupational safety and health seminars, exhibits and demonstrations. Attendees are a key group in the province who work as consultants or suppliers of goods and services in the safety and health field, or who are directly involved day-to-day in safety.

Safety Challenge kicked off the fifth annual Canadian Occupational Health & Safety Week. This event, which is dedicated to increasing awareness in the workplace, is strongly supported by the WCB.

For the 34th year the WCB and St. John Ambulance sponsored the province-wide Industrial First Aid Competitions. The competitions provide a valuable incentive to first aid attendants to polish their skills.

Our customized safety and health messages are delivered year round at industry trade shows, and to schools, colleges and universities.



*First place in the 34th Annual WCB Provincial First Aid competition went to the Coast Mountain Rescue Team from North Vancouver. (L-R): Richard Courtney, Manager of First Aid at the WCB, team members Michael Bolam, Bridget Milsom, Brian Bolam, Stan Sovdat, and Albert Unrau.*

## CORPORATE SAFETY

In July 1991, President Ken Dye initiated an audit of the Board's own Occupational Safety and Health program.

The objective of this audit, conducted by Board officers, was to determine the Board's position with respect to the Industrial Health and Safety Regulations. The audit also provided a baseline for development of a comprehensive Safety and Health Program, so that the Board can measure its progress toward the goal of a zero accident rate.

The three-month audit involved documentation review, interviews with more than 325 management and staff, and a detailed inspection of all Board premises in the province.

While much of the work at the Board is done in an office environment, there are potential risks involving, for instance, chemical handling, evacuation of buildings, threats to persons and property, congested work areas and workplace ergonomics. Board staff also includes professional, trades, technical and support personnel. Just as in any business, each of these occupations presents potential risk.

As a consequence of the audit, prompt action initiated by the President resulted in further development of the corporate Occupational Safety and Health Program. The program will address safety awareness, communication at all levels, education and training, and provision for continuing review.

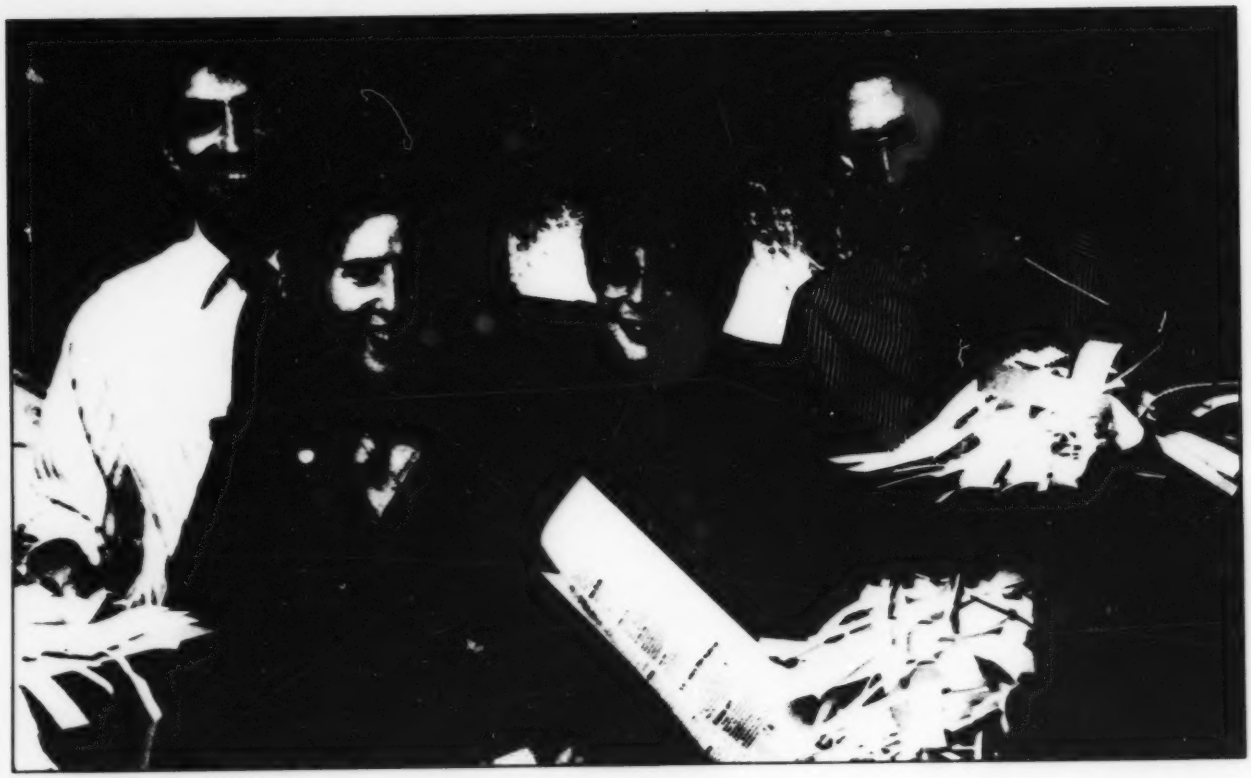
*In 1991 the WCB conducted its first health and safety audit of all its properties. On the team: Steve Brown (top left), John Spence (top right), Evelyn White, and Grant Laporte.*

## ENVIRONMENT

A joint management-union committee was formed early in 1991 to address environmental issues within the Board, and through its activities, to raise the environmental conscience of the Board's employees.

The committee's work is wide-ranging. Programs under discussion or implemented involve everything from the efficient use, recycling and reuse of paper and other products, to the conservation of energy and use of environmentally friendly materials. The committee has also discussed its collective concern for broader community environmental issues such as highway lanes for workers commuting by bicycle, and car-pooling.

Suggestions are welcomed from all WCB employees. All programs are coordinated with the Environmental Committee.



*Environmental Committee members: (L-R) Marcel Labbé, Janice Hanna-Peters, Liz James, and Roy McKelvie*

# MANAGEMENT DISCUSSION AND ANALYSIS

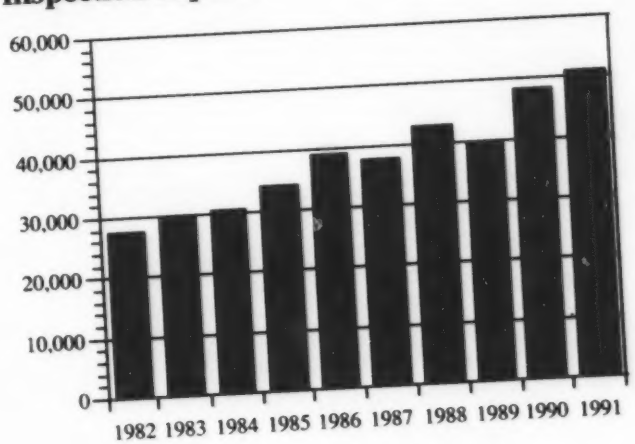
The following is a discussion of our major activities, history, and problems — and plans for dealing with those problems. First we discuss our focus on prevention of accidents and occupational disease, followed by our role in caring for those who are injured at work or suffer from occupational disease, a discussion of the overhead costs of this program, who pays for the workers' compensation system and how this is done, our investment program for the funds collected, and our financial position.

## 1. Prevention of accidents and occupational disease

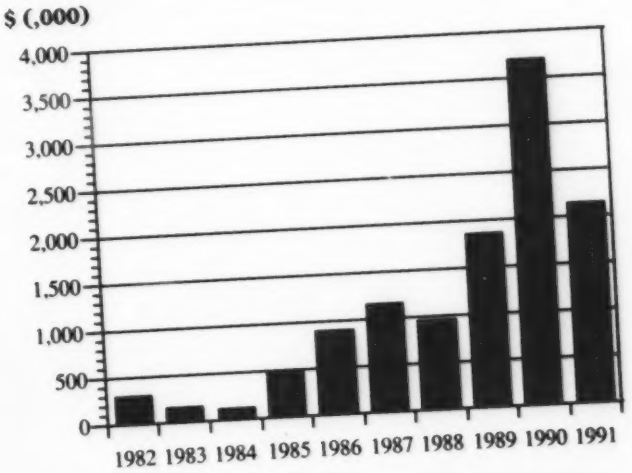
The nature of the workplace in B.C. has been undergoing evolutionary change. New industries are growing and slowly decreasing the importance of our more traditional natural resource based industries. The technology used in industry is also changing, bringing with it both improved safety features and sometimes new hazards to safety and health, which in turn produce changes in the types of claims being administered by the WCB. The WCB's Occupational Safety and Health (OSH) Division has been changing to keep up with these trends. New tracking systems to ensure better targeting of inspection activity, development of educational materials using the latest computer assisted and interactive technology to combat the new hazards, and new emphasis on ergonomics are all being brought to bear on the problem of reducing workplace injuries and disease to a minimum.

Over the last decade workplace inspection activity has increased from 27,693 inspections in 1982 to 50,886

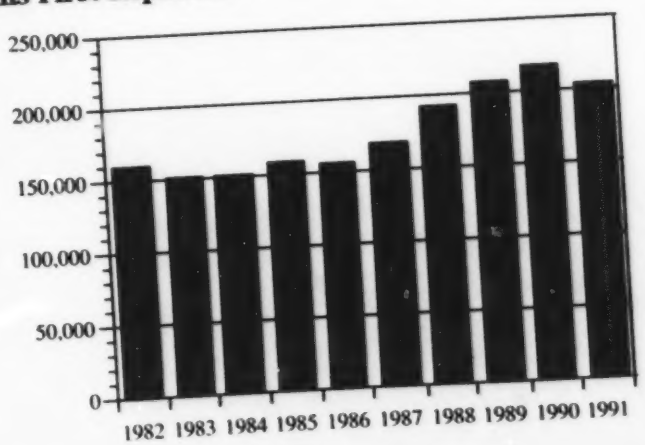
**OSH Inspection Reports**




**OSH Penalties Assessed**




**Claims First Reported**



in 1991. There were $2,149,000 in OSH penalties assessed in 1991, 3,733 educational presentations, and three standard practice manuals (on tower cranes, residential construction and grapple yarding) were completed. Eighteen more standard practice manuals are scheduled for work in 1992.

For the future, the Board of Governors have commissioned a baseline administrative inventory study to be made of the activities and programs of the OSH Division. Review of the Industrial Health and Safety Regulations will be a major priority, new jurisdictions such as agriculture, aquaculture and fishing may be added, and technology will continue to be employed at an ever greater rate in educational activity and inspection targeting. The regulation review initiated by the Board of Governors will include extensive input from interested stakeholders and is expected to produce significant changes in the Industrial Health and Safety Regulations. In turn, those changes will produce the need for major retraining of OSH staff. It is also planned that regional education officers will be deployed out in the field and a computerized blaster examination system will be implemented. Environmental issues will become steadily more intertwined with health and safety issues and the whole penalty and appeal process will become more formal and legalistic in nature.

## 2. Compensation for injury and occupational disease claims

The WCB's Compensation Services, Medical Services, and OSH Divisions are jointly involved in administering the compensation aspects of the system, and in the physical and vocational rehabilitation of injured workers.

In addition to changes in the nature of industry, the WCB is faced with the effects of economic trends. In the last decade we have gone from a recession in the early 1980s to economic growth later in the decade and now back to recessionary conditions in the early 1990s. Economic factors affect the number of new claims registered by the WCB. These changes in the level of activity are not spread evenly across all industries. For example, natural resource and construction work are cyclical in nature. These industries are generally associated with higher risks to the worker, which is a key determinant in the costs of the workers' compensation system. Downturns in the economy bring a drop in new claims received by the Board but also bring significant challenges in our efforts to return injured workers to productive employment.

*The workplace in B.C. has been undergoing evolutionary change.*

There were 203,740 new claims registered in 1991 compared to 159,739 a decade ago (1982), an increase of 27.5%. The increase peaked in 1990 at 217,152 new claims registered.

Inflation in wage rates directly affects workers' compensation costs, but because it is also a determining factor in the WCB's assessment revenues, the effect of inflation on the "bottom line" is limited. Current year claims expenditures in 1991 were $557,632, a 4.3% increase over $534,669 in 1990. The claims volume decrease in 1991 of 6.5% is offset by the higher wage rates being compensated for, thus the overall cost of claims continued to rise.

Changes in our society are bringing a greater emphasis on industrial disease, chronic pain, post-traumatic stress syndrome, and repetitive motion injuries.

In 1991, an administrative inventory study was commissioned by the Board of Governors. This independent study pointed out a number of areas where improvements should be made in the pensions, rehabilitation, claims, and administrative processes. Claims adjudication is central to the services offered to injured workers and is to be subject of a separate study in 1992.

A number of options to improve service to claimants will be explored by the WCB, including reducing adjudicator workloads, use of technology, possible satellite offices in the Lower Mainland, emphasis on rehabilitation, and a cooperative team effort to return the worker to productive employment.

## 3. Appeals

The Appeal Division started operating on June 3, 1991. A continuing backlog of appeals had been a source of concern for some years within the workers' compensation community. This new division is a reaction to that concern, and it is succeeding in cutting the backlog. The division's starting backlog of 1,742 files had been cut to 624 by year end.

## 4. Administrative overhead

In the background supporting the front-line activities of the WCB are a number of service departments which are grouped into the Financial Services, Information Systems and Administration Services divisions. Administrative overhead, amounting to $151,139,000 in 1991 has varied from 10.8% of total income in 1982 to 11.3% in 1986 to 16.7% in 1991. This increase reflects service levels as well as inflation increases.

The Information Systems Division (ISD) processes the roughly 500,000 transactions a day which are the backbone of the WCB's operations. At the WCB there were 1,125 computer terminals and 925 personal computers as of the end of 1991, roughly one per employee. Over 65% of our employees, 1,550 users, were tied together by an electronic mail system and 500 by voice mail. The electronic mail system was obtained in 1991 at a savings of $2 million over a competitive system. A number of major projects were completed by this division in 1991, including a new pension system, an OSH information strategy plan and initial steps towards an imaging system for claims documents. The Board of Governors has requested additional study before work on imaging can proceed. A decision is expected in 1992. In addition, a new mainframe computer costing in excess of $8 million will be purchased in 1992 and a disaster recovery plan is being developed for implementation in late 1992 or 1993.

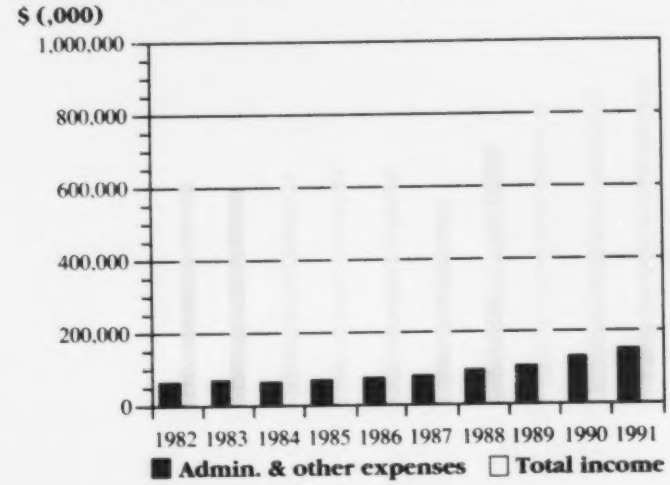
The WCB's physical facilities are undergoing constant change in reaction to changes in our needs. During 1991 the first phase of renovations to the Richmond clinic was completed, construction of a new area office building in Kamloops was begun, design of an addition to the Richmond administration building was brought to the 80% design stage and then halted, and a building at 8100 Granville Avenue in Richmond was purchased for use until the timing and size of the administration building addition is resolved. Taking advantage of the Power Smart program offered by BC Hydro, energy conservation projects which will produce a savings of $218,000 per year were undertaken.

In 1992, plans include: telecommunication upgrades costing $1.7 million, Victoria area office construction of $7 million including land cost, Nanaimo area office construction of $3 million and review of our facilities in the Vernon-Kelowna area leading to a decision on the replacement of our Vernon area office.

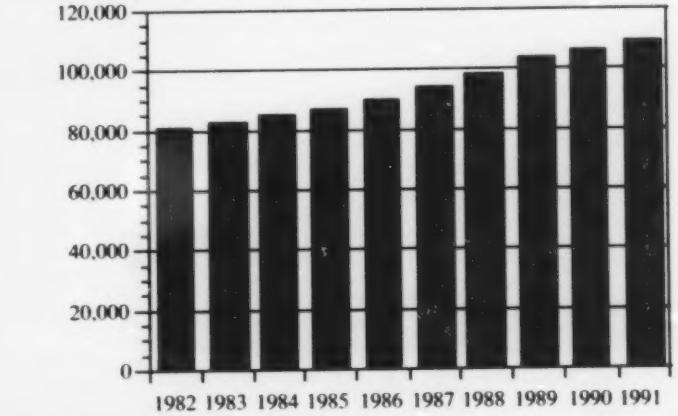
In 1991 the WCB hosted the Association of Workers' Compensation Boards of Canada Conference and initiated a new hard-hitting advertising campaign targeted to increase public awareness of safety issues. For the future, the issues of literacy and multiculturalism will be addressed through preparing information materials using plain language and through the preparation of more publications in languages other than English.

The WCB's statistician joined with other WCBs from across Canada and other injury statistic stakeholders to begin a process of improving the injury/disease coding standards used by the various Canadian WCBs.

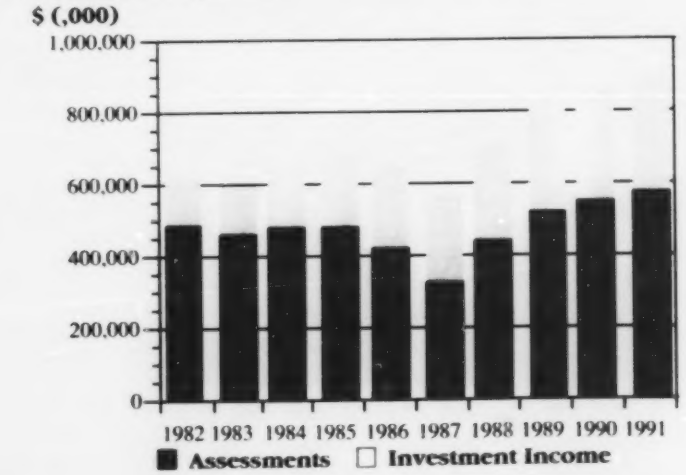
**Administration and Other Expenses**




**Employers Registered**




**Funding the System**




## 5. Paying for the system through employer assessments

The Workers' Compensation system is paid for entirely by employers through assessment rates levied against their payrolls, by direct billing of costs to certain deposit class employers and by investment revenue. There is no subsidy by governments out of general revenues. The assessment system is administered by the Assessment department with technical advice from the WCB's Actuary.

The WCB's policy is to be fully funded. In this way, each generation of employers will pay for their own accident costs and not leave an unfunded burden for future employers. A significant portion of the costs of each year's claims is paid out in the future in the form of wage loss, medical aid and disability pensions. To estimate these future liabilities in order to set assessment rates which will fully recover the costs from current employers, the WCB's Actuary makes projections of these payments using recent payment patterns and then discounts them at a compound interest rate of 2-3/8% per annum. The use of this 2-3/8% implicitly provides for future indexing in the liabilities. The estimates used in calculating the costs of claims for assessment rate purposes can never be totally accurate. Claims cost estimates are updated each year for actual experience and any surplus or deficit resulting is returned to employers in the form of an adjustment of the assessment rate charged over the next five years.

Inflation, because it affects both

the claims costs and the size of the payrolls on which assessments are levied, is not as large a factor in determining the overall financial position of the WCB as one might assume. Investment returns are, however, a major factor. Under present rate-setting policy, any excess return over — or shortfall from — an investment yield of inflation plus 2-3/8% goes straight to the bottom line (the unappropriated or unfunded balance on the Balance Sheet) and through the resulting adjustments to the assessment rates can have a significant impact on costs to employers.

Employers are grouped together using a classification system which allows different industries to pay different assessment rates while still preserving the collective liability principle on which the WCB is funded. Each industry group, or subclass, pays its costs through an assessment rate established for the group. A universal experience rating plan was introduced in 1986 providing a possible modification to the subclass assessment rate of up to 33.3% higher or lower, depending on the individual firm's claims experience.

The previous decade has seen major changes in numbers of employers, rising from 76,447 active accounts in 1981 to 109,106 at the end of 1991. The average assessment rate charged to employers is now one of the lowest in Canada, but it has gone through a major swing up and then down in the 1980s as the WCB moved to eliminate a persistent unfunded liability problem which had been evident for some years.

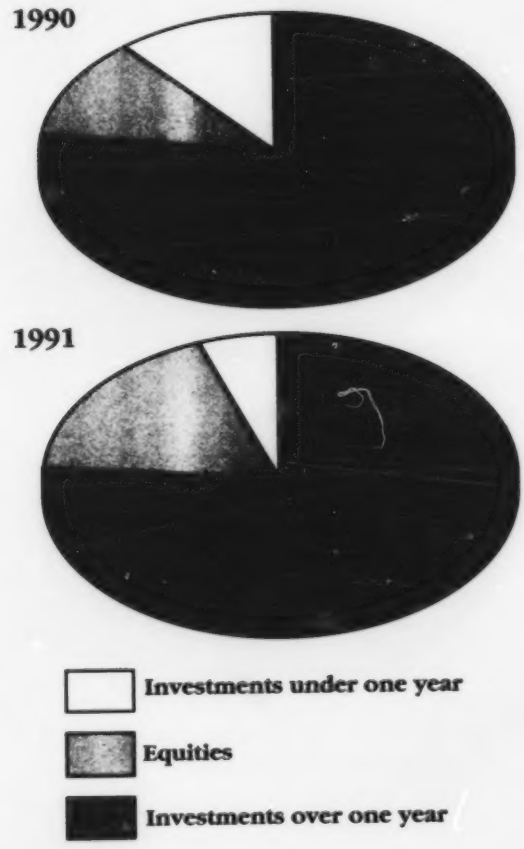
The Assessment department plans to move to the new building at 8100 Granville Avenue, Richmond in 1992. The Governors plan to commission a baseline administrative inventory study of the assessment process, and they intend to analyse the assumptions used in setting assessment rates, deposit-class employers and the Silicosis fund. The Assessment department itself will evaluate potential new ways for employers to make their remittances and continue a communications program started in 1991, which will see employer information meetings scheduled at major B.C. centers in 1992.

## 6. Investing the funds collected

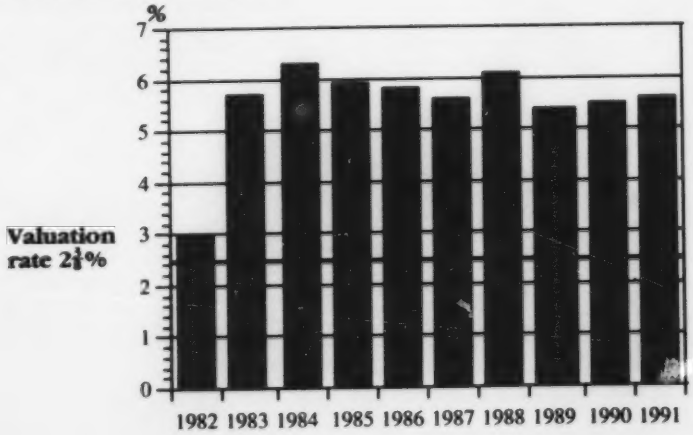
Investment income is an important source of revenue to the WCB, in 1991 amounting to 36.4% of our total revenues. The WCB entered the decade of the 1980s with its portfolio entirely invested in debt securities. This situation had produced investment yields which were insufficient to meet the Actuary's assumption for investment income. As a result, assessment rates were impacted unfavourably and unfunded liabilities were persistent. In the 1980s, the investment climate changed and debt securities did very well, thereby allowing the WCB some time in which to make fundamental changes in its investment methods and strategies.

An Investment Committee, including outside expertise, was formed and a program of diversification began. When completed in the mid-1990s, the WCB's investment diversification should produce a portfolio with a higher returns, lower risk and much less vulnerability to swings in inflation and interest rates. At December 31, 1991, 18.0% of the portfolio was invested in equities, 76.5% in long-term debt instruments and 5.5% in money market securities. The

**Portfolio Investments**




**Real Rate of Return**




equity portion, which is set to increase under the current diversification program, now comprises only Canadian equities. In future years, the portfolio will likely include foreign securities and real estate.

The yield on the investment portfolio is reported as 9.4% in our financial statements. Our accounting policies do not recognize unrealized gains on the bond portfolio but do recognize gains on equities smoothed over a five-year period. On a comparable basis to other major funds (including all realized and unrealized market value gains in the current year with no smoothing into future years), the WCB earned 18.8% in 1991.

The WCB is an active trader of securities. In 1991,the volume of transactions in the bond portfolio included purchases totalling $1,836,773,000 and sales totalling $1,688,288,000. Using a conservative reinvestment assumption to the new securities' maturity date compared with those securities sold, the future value of the WCB's portfolio has been increased by approximately $113,151,000 .

## 7. Financial position

In 1991 the WCB's total assets increased by $323,214,000 to $3,992,944,000. Its unappropriated balance was $66,583,000, which means that the WCB was 102% funded at December 31, 1991.

During 1991, assessment and other income increased by $24,544,000 (4.5%) , investment income increased by $4,758,000 (1.5%) , compensation costs decreased by $39,113,000 (4.6%) and administration and other expenses increased by $21,598,000 (16.7%) compared to 1990.

## WORKPLACE ACT AND THE OCCUPATIONAL ENVIRONMENT REGULATIONS

In 1985 provincial legislation transferred the enforcement of the Workplace Act and its regulations to the Workers' Compensation Board. This enforcement had previously been performed by the Labour Ministry's Occupational Environment Branch.

The Workers' Compensation Board assigned the Field Services Department of the Occupational Safety and Health Division the responsibility of this function.

Thirteen officers from the Occupational Environment Branch were transferred to the Field Services Department of the WCB. These officers were absorbed into the positions of Occupational Safety Officer, Occupational Hygiene Officer, and Occupational Safety and Health Officer in Field Services.

All Field Services Officers are now trained in and can enforce the Workplace Act and its Occupational Environment Regulations. The Occupational Environment Regulations address the health, safety, and comfort of employees in factories, offices, and shops. However, many of the Occupational Environment Regulations are duplicated in the Workers' Compensation Board's Industrial Health and Safety Regulations (IH&S regulations).

Field Services Officers use the IH&S regulations to cite violations by employers who are in the WCB's inspection jurisdiction. There are, however, some situations that are either not covered by the IH&S regulations or are outside the inspectional jurisdiction of the Workers' Compensation Board where the Workplace Act and the Occupational Environment Regulations are used.

**Inspection Reports**

| | |
|---|---|
| IH&S Regulations | 50,664 |
| Workplace Act | 222 |
| Total | 50,886 |

**Orders written**

| | |
|---|---|
| IH&S Regulations | 80,787 |
| Workplace Act | 272 |
| Total | 81,059 |

Note: In 1989, Workplace Act inspections and orders were included in the Occupational Safety and Health inspection and order figures presented in the annual report.

## RESPONSIBILITY FOR FINANCIAL REPORTING

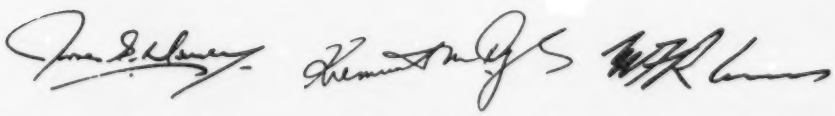
Management of the Workers' Compensation Board is responsible for the preparation of the accompanying financial statements in accordance with generally accepted accounting principles. These financial statements include some amounts based upon management's best estimates and judgments. Any financial information contained elsewhere in the Annual Report conforms to these financial statements.

Management is responsible for the integrity of the financial statements and has established systems of internal control to provide reasonable assurance that assets are properly accounted for and safeguarded from loss.

The Internal Audit and Evaluation Department performs audits designed to test the adequacy and consistency of the Board's internal controls, practices and procedures.

The Auditor General of British Columbia, the external auditor of the Workers' Compensation Board, has performed an independent audit of the financial statements of the Board in accordance with generally accepted auditing standards. The Auditor's Report outlines the scope of this independent audit and his opinion on the financial statements of the Board.

The firm of Eckler Partners Ltd. has been appointed as the independent consulting actuaries to the Board. Their opinion on the adequacy and appropriateness of the valuation of the Board's actuarial liabilities is presented as a part of these financial statements.



| James E. Dorsey | Kenneth M. Dye, F.C.A. | W.F.R. Evans, C.A. |
|---|---|---|
| Chairman | President and Chief | Vice-President |
| Board of Governors | Executive Officer | Financial Services |

March 11, 1992

Auditor General of British Columbia

8 Bastion Square
Victoria, British Columbia
V8V 1X4

(604) 387-6803
Fax (604) 387-1230

# AUDITOR'S REPORT

*To the Chairman*
*and Governors of the Workers' Compensation Board, and*

*To the Minister of Labour and Consumer Services*
*and Minister Responsible for Constitutional Affairs,*
*Province of British Columbia:*

I have audited the balance sheet of the Workers' Compensation Board as at December 31, 1991 and the statements of income and expense and unappropriated balance, changes in fund liabilities and changes in financial position for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 1991 and the results of its operations and the changes in its fund liabilities and financial position for the year then ended in accordance with generally accepted accounting principles.

George L. Morfitt, F.C.A.
*Auditor General*

*Victoria, British Columbia*
*March 6, 1992*

## BALANCE SHEET
## AS AT 31 DECEMBER 1991 (in $,000's)

EXHIBIT 1

| | 1991 | 1990 |
|---|---|---|
| **ASSETS** | | |
| Assessments and accrued interest receivable | 239,469 | 220,806 |
| Deposit account unfinalled claims receivable | 92,274 | 84,291 |
| Portfolio investments (Note 4) | 3,579,230 | 3,303,451 |
| Capital assets (Note 6) | 81,971 | 61,182 |
| | 3,992,944 | 3,669,730 |
| **LIABILITIES, RESERVES AND UNAPPROPRIATED BALANCE** | | |
| Accounts payable and accrued liabilities | 40,962 | 20,874 |
| Deferred portfolio investment gains (losses) (Note 5) | 20,447 | (31,729) |
| Accident fund: | | |
| Liabilities (Exhibit 3) | 3,824,952 | 3,509,109 |
| Special reserves (Note 8) | 40,000 | 40,000 |
| Unappropriated balance (Exhibit 2) | 66,583 | 131,476 |
| | 3,992,944 | 3,669,730 |

The accompanying thirteen notes are an integral part of these financial statements.

Approved by:

James E. Dorsey
Chairman
Board of Governors

Kenneth M. Dye, F.C.A.
President and Chief
Executive Officer

W.F.R. Evans, C.A.
Vice-President
Financial Services

## STATEMENT OF INCOME AND EXPENSE AND UNAPPROPRIATED BALANCE FOR THE YEAR ENDED 31 DECEMBER 1991 (in $,000's)

EXHIBIT 2

| | 1991 | 1990 |
|---|---|---|
| **INCOME** | | |
| Assessments | | |
| Classes | 531,495 | 514,660 |
| Deposit accounts | 37,647 | 28,953 |
| Penalties | 4,281 | 3,718 |
| | 573,423 | 547,331 |
| Occupational Health & Safety penalties | 2,149 | 3,697 |
| | 575,572 | 551,028 |
| Investment income | | |
| Earned for the year | 327,437 | 333,578 |
| Amortization of portfolio investment gains (losses) (Note 5) | 2,180 | (8,719) |
| | 329,617 | 324,859 |
| | 905,189 | 875,887 |
| **EXPENSE** | | |
| Compensation costs | | |
| Current year claims | | |
| Wage loss compensation | 146,803 | 137,624 |
| Medical aid payments | 49,412 | 47,081 |
| Pension awards, capitalized values | 15,038 | 20,269 |
| Provision for unfinalled claims | 346,379 | 329,695 |
| | 557,632 | 534,669 |
| Prior years' claims | | |
| Adjustment to fund liabilities (Note 7) | 225,614 | 298,390 |
| Special reserves costs (Note 8) | 35,697 | 24,997 |
| | 818,943 | 858,056 |
| Administration and other expenses | | |
| Administration | 141,625 | 119,104 |
| Review Board and Advisers | 8,853 | 6,756 |
| Research grants and awards | 661 | 3,681 |
| | 151,139 | 129,541 |
| | 970,082 | 987,597 |
| **NET LOSS** | (64,893) | (111,710) |
| **UNAPPROPRIATED BALANCE - 1 January** | 131,476 | 243,186 |
| **UNAPPROPRIATED BALANCE - 31 December (Exhibit 1)** | 66,583 | 131,476 |

## STATEMENT OF CHANGES IN FUND LIABILITIES FOR THE YEAR ENDED 31 DECEMBER 1991 (in $,000's)

EXHIBIT 3

| | Accident | Silicosis | Total 1991 | Total 1990 |
|---|---|---|---|---|
| **ADDITIONS TO THE FUND LIABILITIES** | | | | |
| Current year claims | | | | |
| Provision for unfinalled claims | 345,443 | 936 | 346,379 | 329,695 |
| Pension awards, capitalized values (Note 9) | 32,149 | 73 | 32,222 | 33,966 |
| Prior years' claims | | | | |
| Adjustment to fund liabilities (Note 7) | 224,110 | 1,504 | 225,614 | 298,390 |
| | 601,702 | 2,513 | 604,215 | 662,051 |
| **DEDUCTIONS FROM THE FUND LIABILITIES** | | | | |
| Pensions paid | 174,130 | 2,526 | 176,656 | 164,946 |
| Wage loss compensation | 65,988 | (7) | 65,981 | 57,899 |
| Medical aid payments | 45,543 | 192 | 45,735 | 41,785 |
| | 285,661 | 2,711 | 288,372 | 264,630 |
| **CURRENT YEAR INCREASE (DECREASE)** | 316,041 | (198) | 315,843 | 397,421 |
| **BALANCE - 1 January** | 3,478,908 | 30,201 | 3,509,109 | 3,111,688 |
| **BALANCE - 31 December (Exhibit 1)** | 3,794,949 | 30,003 | 3,824,952 | 3,509,109 |
| Represented by: | | | | |
| Provision for unfinalled claims | 1,839,069 | 8,796 | 1,847,865 | 1,652,604 |
| Pension awards, capitalized values | 1,955,880 | 21,207 | 1,977,087 | 1,856,505 |
| | 3,794,949 | 30,003 | 3,824,952 | 3,509,109 |

## STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 1991 (in $,000's)

EXHIBIT 4

| | 1991 | 1990 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Net loss | (64,893) | (111,710) |
| Add (deduct) items not requiring cash: | | |
| Provision for unfinalled claims | 346,379 | 329,695 |
| Adjustment to fund liabilities ( Note 7 ) | 225,614 | 298,390 |
| Increase (decrease) in special reserves | - | (183) |
| Pension awards, capitalized values (Note 9) | 31,650 | 33,307 |
| Depreciation | 10,102 | 10,459 |
| Loss (gain) on disposal of capital assets | 33 | (104) |
| Pension payments recovered from third parties (Note 9) | 572 | 659 |
| Deduct cash applied in settlement of fund liabilities: | | |
| Pensions paid | (176,656) | (164,946) |
| Wage loss compensation | (65,981) | (57,899) |
| Medical aid payments | (45,735) | (41,785) |
| Funds provided by operating activities | 261,085 | 295,883 |
| **OTHER ACTIVITIES** | | |
| Purchase of capital assets | (31,056) | (11,361) |
| Proceeds from the disposal of capital assets | 132 | 543 |
| Increase (decrease) in deferred portfolio investment gains | 52,176 | (30,479) |
| Increase in assessments and accrued interest receivable | (18,663) | (22,776) |
| Increase in accounts payable and accrued liabilities | 20,088 | 4,484 |
| Increase in deposit account unfinalled claims receivable | (7,983) | (4,362) |
| Funds provided by (applied to) other activities | 14,694 | (63,951) |
| **INCREASE IN PORTFOLIO INVESTMENTS** | 275,779 | 231,932 |
| **PORTFOLIO INVESTMENTS - 1 January** | 3,303,451 | 3,071,519 |
| **PORTFOLIO INVESTMENTS - 31 December** | 3,579,230 | 3,303,451 |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1991

**Note 1 - Nature of Operations**

The Workers' Compensation Board, enacted by the British Columbia Legislature in 1917, administers the *Workers Compensation Act*.

The primary functions of the Board under the Act are promotion of occupational health and safety; compensation for industrial injury, death or disease; rehabilitation of injured workers; and collection of the funds necessary for its operations from employers covered under the Act.

Assessment rates are established at a level to recover current operating costs, and current and future compensation costs arising from current claims, from current employers.

The Board does not receive government funding or other assistance.

**Note 2 - Significant Accounting Policies**

(a) Fund Accounting

Although the liabilities and reserves of the Board are allocated to the Accident and Silicosis Funds and various subdivisions thereof, the assets are recorded on a pooled basis with no allocation of individual assets to specific funds.

(b) Portfolio Investments

Fixed-term investments, having terms greater than one year, consisting primarily of bonds of the Government of Canada, various Provinces and Crown corporations, are stated at amortized cost. Gains and losses realized on disposal of fixed-term investments during the year are deferred and amortized on a straight-line basis over a five year period.

Equity investments, consisting of Canadian equities only, are stated at market value. The amount by which market value differs from cost represents an unrealized gain or loss. Unrealized gains and losses occurring during the year, together with gains and losses realized on disposal of equities during the year, are deferred and amortized on a straight-line basis over a five year period.

Fixed-term investments, having terms less than or equal to one year, consisting primarily of treasury bills and discounted bank notes, are stated at amortized cost.

(c) Capital Assets

Capital assets are reported at cost and are depreciated on a straight-line basis over their estimated useful lives. The rates used are as follows:

| | |
|---|---|
| Buildings | 20 to 40 years |
| Equipment | 3 to 10 years |
| Furniture | 10 years |
| Vehicles | 5 years |

(d) Accident and Silicosis Fund Liabilities

The Board appoints a consulting actuary who examines the Fund liabilities and the underlying assumptions and methods. The report of the consulting actuary is appended to these financial statements.

(i) Unfinalled Claims

Provisions for future claims costs relating to injuries occurring prior to 31 December 1991, for which the final settlement has not been determined, represent the unfinalled claims liabilities which are part of the Accident and Silicosis Funds established under Sections 39(1)(c) and 41(2)(b) of the *Workers Compensation Act*. Wage loss compensation and medical aid payments made, and the capitalized value of pension awards granted, after the year of injury (or after the year in which the claim is allowed, in the case of Silicosis), are charged to the respective unfinalled claims liabilities.

Estimates for finalled and unfinalled claims which occurred on or before December 31 are based upon past experience, modified for current trends. While significant judgmental factors are included in the determination, management believes that the amounts provided for are adequate.

(ii) Pensions

Capitalized values of pension awards are credited to the pension liability provisions, which are then charged with pensions paid. When a pension is awarded for an injury which occurred in the current year, its capitalized value is

treated as a current period expense. In the case of a pension awarded after the year of the injury (or after the year in which the claim is allowed, in the case of Silicosis), the capitalized value of the pension is charged to the appropriate unfinalled claims liability.

(e) Reserves

Accident Fund special reserves established pursuant to Section 39 of the *Workers Compensation Act* are:

- Contingent Reserve [Section 39(1)(b)] which provides a reserve in aid of industries or classes which may become depleted or extinguished.
- Disaster Reserve [Section 39(1)(d)] which provides a reserve to be used to meet the loss arising from a disaster or other circumstances which the Board considers would unfairly burden the employers in a particular class.
- Enhancement Reserve [Section 39(1)(e)] which provides a reserve for payment of that portion of a disability enhanced by reason of a pre-existing disease, condition or disability.

Claims deemed by the Board to be covered by these reserves are charged to current operations.

The Board determines the amounts required to maintain these reserves at an adequate level and resulting appropriations are prorated to the various employer classes.

(f) Current Year Claims

Wage loss compensation and medical aid payments represent expenditures resulting from injuries which occurred during the current year. Amounts recorded as "Pension awards, capitalized values" and as "Provision for unfinalled claims" are the actuarial estimates of the present values of future payments resulting from injuries which occurred during the current year. The calculation of the present value provides for the future indexation of pensions by assuming that the annual rate of return on the Board's investments will exceed the annual increase in the Consumer Price Index (CPI) by 2-3/8%.

(g) Prior Years' Claims

The Board determines its liabilities at the end of each year for all injuries that have taken place to that time. During the following year, it makes benefit payments and sets new awards on those prior injuries; benefits are also increased in line with increases in the CPI. Investment income is also earned on the assets available to finance those liabilities. At the end of the following year, the Board redetermines its actuarial requirements for those prior injuries, taking into account the actual investment income, benefit increases, claims payments and pension awards made during the year. The actuarial assumptions used in those calculations may also be modified to include the more recent experience of such factors as mortality, claims levels and claims costs. This process results in an adjustment to the fund liabilities and reserves.

(h) Assessment Income and Assessments Receivable

As a significant portion of assessment income for the year is not received until after the year-end, the amount shown is an estimate based on statistical data. The difference between the estimate and the actual income received is credited or charged to income in the following year.

(i) Deposit Account Unfinalled Claims Receivable

Certain employers have been placed in deposit classes. These employers are billed on a monthly basis for wage loss compensation, medical aid payments and the capitalized value of pension awards made on their behalf, together with their proportionate share of administrative costs.

The receivable represents the present value of the estimated future payments for the unfinalled claims of deposit classes, less deposits required to be placed on account with the Board. The Board also acts as the agent of the Government of Canada for the payment of compensation to federal employees in British Columbia. Amounts paid are recovered from the Government of Canada on a monthly basis.

**Note 3 - Changes in Accounting Policies**

(a) Portfolio Investments

During 1991, the Board adopted a policy whereby fixed-term investments, over one year, are valued at amortized cost with a five-year deferral and amortization of realized gains or losses. Generally accepted accounting principles require the valuation of fixed-term investments, over one year, to be based on amortized cost. In 1990, these investments were

valued at market with a five-year deferral and amortization of both realized and unrealized gains or losses which resulted in investment income reflecting current yields. This new accounting policy has been applied retroactively and the prior year results have been restated.

(b) Superannuation Plan Expenses

During 1991, the Board changed the method of accounting for pension costs and obligations to conform to the recommendations of the Canadian Institute of Chartered Accountants (CICA). The new policy records the pension expense for the year. In 1990, the Board recorded the actual pension contributions to the Plan for the year.

This new accounting policy has been applied retroactively and the prior year results have been restated.

(c) Restated Balances

The above noted changes require that assessment income, deposit accounts, be restated.

The effects of the above noted changes in 1990 are:

| | |
|---|---|
| Increase in Unappropriated balance - 1 January | $ 17,637,000 |
| Increase in Investment income | 21,007,000 |
| Decrease in Assessment income | (2,172,000) |
| Decrease in Administration and other expenses | 2,357,000 |
| Increase in Unappropriated balance - 31 December | $ 38,829,000 |

**Note 4 - Portfolio Investments ($,000's)**

| | 1991 | 1990 |
|---|---|---|
| Fixed-term investments, over one year, amortized cost (market value: 1991 - 2,937,194; 1990 - 2,467,257) | 2,739,041 | 2,551,371 |
| Equities, market value | 644,535 | 387,720 |
| Fixed-term investments, under one year, amortized cost | 211,604 | 377,455 |
| Bank indebtedness | (15,950) | (13,095) |
| | 3,579,230 | 3,303,451 |

**Note 5 - Deferred Portfolio Investment Gains (Losses) ($,000's)**

| | 1991 | 1990 |
|---|---|---|
| Balance - 1 January | (31,729) | (1,250) |
| Realized net gains (losses) for the year | 21,171 | (17,923) |
| Unrealized net gains (losses) for the year | 33,185 | (21,275) |
| | 22,627 | (40,448) |
| Amortization credited (charged) to investment income | 2,180 | (8,719) |
| Balance - 31 December | 20,447 | (31,729) |

**Note 6 - Capital Assets ($,000's)**

| | 1991 | | | | 1990 |
|---|---|---|---|---|---|
| | Cost | Depreciation | Accumulated Depreciation | Net Book Value | Net Book Value |
| Land | 5,950 | - | - | 5,950 | 2,100 |
| Buildings | 65,810 | 1,347 | 15,128 | 50,682 | 37,038 |
| Furniture, Equipment & Vehicles | 63,957 | 8,755 | 38,618 | 25,339 | 22,044 |
| Totals | 135,717 | 10,102 | 53,746 | 81,971 | 61,182 |

**Note 7 - Adjustment to Fund Liabilities ($,000's)**

| | 1991 | | | 1990 |
|---|---|---|---|---|
| | Accident Fund | Silicosis Fund | Total | Total |
| Investment income allocation | 326,639 | 2,978 | 329,617 | 324,859 |
| Adjustment to prior years' actuarial estimates | (102,529) | (1,474) | (104,003) | (26,469) |
| Totals | 224,110 | 1,504 | 225,614 | 298,390 |

**Note 8 - Special Reserves ($,000's)**

| | 1991 | | | | 1990 |
|---|---|---|---|---|---|
| | Contingent | Disaster | Enhancement | Total | Total |
| Special Reserves Costs | | | | | |
| Pension awards, capitalized values | - | 1,930 | 14,682 | 16,612 | 13,038 |
| Wage loss compensation | - | 650 | 14,840 | 15,490 | 9,557 |
| Medical aid payments | - | 190 | 3,405 | 3,595 | 2,585 |
| | - | 2,770 | 32,927 | 35,697 | 25,180 |
| Decrease in special reserves | - | - | - | - | 183 |
| Totals | - | 2,770 | 32,927 | 35,697 | 24,997 |

| | | |
|---|---|---|
| The Special reserves balance at 31 December is represented by: | | |
| Contingent | 2,500 | 2,500 |
| Disaster | 16,500 | 16,500 |
| Enhancement | 21,000 | 21,000 |
| Balance - 31 December | 40,000 | 40,000 |

**Note 9 - Pension Awards, Capitalized Values ($,000's)**

| | 1991 | 1990 |
|---|---|---|
| Pension awards, capitalized values: | | |
| Total | 183,805 | 188,885 |
| Charged to provision for unfinalled claims | 151,583 | 154,919 |
| Current year claims | 32,222 | 33,966 |
| Charged to: | | |
| Current year claims (Exhibit 2) | 15,038 | 20,269 |
| Special reserves (Note 8) | 16,612 | 13,038 |
| | 31,650 | 33,307 |
| Pension payments recovered from third parties (Exhibit 4) | 572 | 659 |
| | 32,222 | 33,966 |

**Note 10 - Superannuation Plan**

The Board and its employees contribute to the Workers' Compensation Board Superannuation Plan, a defined benefit plan. The plan provides pensions based on length of service and best five years average earnings. For funding purposes and to determine the contribution rate, the Plan requires an actuarial valuation of the Plan's liabilities at intervals of not more than three years. The last valuation was carried out as at March 31, 1991.

The Board's 1991 superannuation pension expense, calculated on the accrued benefit (ie. CICA) method, on the basis of the March 31, 1991 valuation results, amounted to $5,093,000 (1990 - $4,398,000). This amount includes the amortization of experience gains and losses which are being amortized on a straight-line basis over a period of twelve years. The Board's 1991 contributions to the Plan amounted to $8,068,000 (1990 - $6,755,000). This difference between the pension expense and pension contributions is included in assessments and accrued interest receivable on the balance sheet. For the year ended December 31, 1991 the accumulated difference amounted to $7,405,000 (December 31, 1990 - $4,429,000).

The pension plan long-term compensation levels were assumed to increase by 5.0% (1990 - 5.5%). Pension plan assets are stated at market-related values. The market-related approach recognizes investment income, including realized and unrealized market gains or losses, over a five-year period. The assumed long-term rate of return on pension plan assets was 6.5% (1990 - 6.5%).

The resulting values of pension assets and liabilities as at December 31, 1991 are as follows:

| | 1991 | 1990 |
|---|---|---|
| Assets | $175,652,000 | $157,653,000 |
| Liabilities | $168,777,000 | $144,583,000 |
| Net Surplus | $6,875,000 | $ 13,070,000 |

The net surplus is not included in the Board's financial statements.

**Note 11 - Related Party Transactions**

The Board is required to reimburse the Government of British Columbia for the operating costs of the Workers' Compensation Review Board, the Workers' Advisers and the Employers' Advisers.

The Board is also responsible for the administration of the *Workplace Act* and the *Criminal Injury Compensation Act*. Under the *Workplace Act*, the Board assumed the jurisdiction of the former Occupational Environment Branch under the *Factory Act* to inspect and regulate health, safety and comfort conditions in factories, offices and shops. The *Criminal Injury Compensation Act* compensates people who are victims of any of the crimes listed in the statute. The Government of British Columbia reimburses the Board for all operating costs incurred in the administration of this Act.

In addition to the legislated obligations referred to above, included in these financial statements are amounts resulting from routine operating transactions conducted at prevailing market prices with various British Columbia Government controlled ministries, agencies, and Crown corporations with which the Board may be considered related. Account balances resulting from these transactions are included in the financial statements and are settled on normal trade terms.

**Note 12 - Contingency**

The Workers' Compensation Board is a "third party" in asbestos property damage litigation, usually brought by owners against contractors and asbestos suppliers, for the Board's alleged failure to properly regulate the use of asbestos in British Columbia during previous years.

The Board estimates that the potential contingent cost could be approximately $100 million. As it is unlikely that the "third party" litigation against the Board will be successful, in the opinion of the Board's legal adviser, no provision has been made in the accounts as at 31 December 1991 for this potential cost.

**Note 13 - Comparative Figures**

Certain 1990 comparative figures have been reclassified to conform with the financial statement presentation adopted for 1991.

## ACTUARY'S REPORT
## ECKLER PARTNERS LTD.

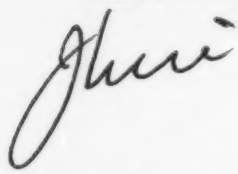
The Pension Liabilities for the Accident and Silicosis Funds are for pensions in effect as at 1 January 1992, but excluding pensions arising from injuries to Federal Government workers (Class 19). The present value of increases in pensions effective 1 January 1992 has been included in the Liabilities. The Pension Liabilities have been computed using the same mortality, net interest rate and other assumptions used for the valuation as at 31 December 1990. The net interest rate of 2-3/8% makes implicit provision for the future indexing of pensions on the assumption that interest earnings on Board assets in excess of 2-3/8% will correspond to future increases in the Consumer Price Index.

The Unfinalled Claims Liabilities for the Accident and Silicosis Funds are shown separately for Rateable Classes and for Deposit Classes (excluding Class 19), and are based on projections of future claims payments and awards using ratios developed from the Board's claims experience, average benefit rates, the net interest rate assumption of 2-3/8% and, where applicable, mortality, remarriage and other assumptions used for computing Pension Liabilities. The methods used in calculating these liabilities were substantially the same as those employed in the previous valuation as at 31 December 1990.

The liabilities included in this report have been computed by the Board in accordance with methods and assumptions approved by us. We have made such tests of the calculations as were deemed necessary. We have also examined the data upon which the calculations were based and found it to be sufficient for our purposes and consistent with the Board's financial statements.

In our opinion, the amounts set out below, which have been determined by the methods and assumptions described above, make reasonable provision for the future liabilities of the Board as at 31 December 1991 in respect of injuries to 31 December 1991.

| | ($,000's) |
|---|---|
| Accident Fund | |
| Pension Liabilities | $1,955,880 |
| Unfinalled Claims Liabilities | |
| - Rateable Classes | 1,741,004 |
| - Deposit Classes | 98,065 |
| | $3,794,949 |
| Silicosis Fund | |
| Pension Liabilities | $21,207 |
| Unfinalled Claims Liabilities | 8,796 |
| | $30,003 |



Jacob Levi, F.S.A., F.C.I.A.
Eckler Partners Ltd.
Consulting Actuaries

5 March 1992

## STATEMENT OF ALL YEARS' CLAIMS COSTS AND UNAPPROPRIATED BALANCE FOR THE YEAR ENDED 31 DECEMBER 1991 (in $,000's)

SCHEDULE 1
UNAUDITED

| | 1991 | 1990 |
|---|---|---|
| **INCOME** | | |
| Assessments | | |
| Classes | 531,495 | 514,660 |
| Deposit accounts | 37,647 | 28,953 |
| Penalties | 4,281 | 3,718 |
| | 573,423 | 547,331 |
| Occupational Health & Safety penalties | 2,149 | 3,697 |
| | 575,572 | 551,028 |
| Investment income | | |
| Earned for the year | 327,437 | 333,578 |
| Amortization of portfolio investment gains (losses) | 2,180 | (8,719) |
| | 329,617 | 324,859 |
| | 905,189 | 875,887 |
| **EXPENSE** | | |
| Cost of workers' claims | | |
| Wage loss compensation | 228,274 | 205,080 |
| Medical aid payments | 98,742 | 91,451 |
| Pensions paid | 176,084 | 164,287 |
| | 503,100 | 460,818 |
| Administration and other expenses | | |
| Administration | 141,625 | 119,104 |
| Review Board and Advisers | 8,853 | 6,756 |
| Research grants and awards | 661 | 3,681 |
| | 151,139 | 129,541 |
| | 654,239 | 590,359 |
| **EXCESS OF INCOME OVER EXPENSES** | 250,950 | 285,528 |
| **INCREASE (DECREASE) IN ACCIDENT FUND** | | |
| Actuarial liabilities | 315,843 | 397,421 |
| Special reserves | - | (183) |
| | 315,843 | 397,238 |
| **NET DECREASE** | (64,893) | (111,710) |
| **UNAPPROPRIATED BALANCE - 1 January** | 131,476 | 243,186 |
| **UNAPPROPRIATED BALANCE - 31 December** | 66,583 | 131,476 |

# STATEMENT OF ASSESSMENTS AND CURRENT YEAR INJURY COSTS FOR THE YEAR ENDED 31 DECEMBER 1991 (in $,000's)

**SCHEDULE 2 (a)**
**UNAUDITED**

| Class and Sub-Class | | INCOME | COSTS CHARGED TO SUB-CLASSES | | | | | | | NET |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Assessments And OSH Penalties | Wage Loss Compensation | Medical Aid Payments | Pension Awards Capitalized Values | Provision For Unfinalled Claims | Administration And Other Expenses | Special Reserves Costs | Total Costs | Current Year Excess (Deficiency) |
| 1 | 2 | 68,059 | 10,570 | 4,037 | 3,777 | 31,225 | 15,350 | 4,371 | 69,330 | (1,271) |
| | 4 | 8,853 | 3,214 | 1,039 | 14 | 9,408 | 3,078 | 561 | 17,314 | (8,461) |
| | 5 | 20,282 | 8,545 | 3,287 | 674 | 26,140 | 10,368 | 1,301 | 50,315 | (30,033) |
| | 7 | 6,777 | 1,322 | 646 | 52 | 3,625 | 2,241 | 440 | 8,326 | (1,549) |
| | 9 | 3,243 | 1,314 | 350 | 26 | 2,413 | 1,032 | 206 | 5,341 | (2,098) |
| | | 107,214 | 24,965 | 9,359 | 4,543 | 72,811 | 32,069 | 6,879 | 150,626 | (43,412) |
| 4 | 3 | 4,906 | 865 | 249 | 20 | 2,813 | 725 | 313 | 4,985 | (79) |
| | 11 | 12,806 | 1,950 | 777 | 1,122 | 5,943 | 2,755 | 825 | 13,372 | (566) |
| | 18 | 1,608 | 164 | 83 | 265 | 716 | 365 | 104 | 1,697 | (89) |
| | 30 | 236 | 1,384 | 430 | 465 | 3,773 | 1,614 | 15 | 7,681 | (7,445) |
| | | 19,556 | 4,363 | 1,539 | 1,872 | 13,245 | 5,459 | 1,257 | 27,735 | (8,179) |
| 6 | 2 | 10,920 | 4,049 | 1,239 | 9 | 7,906 | 3,887 | 700 | 17,790 | (6,870) |
| | 3 | 2,160 | 637 | 263 | 21 | 1,440 | 885 | 139 | 3,385 | (1,225) |
| | 4 | 8,410 | 2,047 | 727 | 11 | 3,817 | 2,025 | 539 | 9,166 | (756) |
| | 5 | 380 | 157 | 70 | 3 | 627 | 147 | 24 | 1,028 | (648) |
| | 8 | 2,020 | 941 | 185 | 7 | 1,026 | 518 | 129 | 2,806 | (786) |
| | 17 | 383 | 60 | 26 | 0 | 89 | 71 | 24 | 270 | 113 |
| | 18 | 492 | 233 | 94 | 0 | 209 | 198 | 31 | 765 | (273) |
| | 20 | 2,601 | 1,513 | 428 | 11 | 2,820 | 1,021 | 165 | 5,958 | (3,357) |
| | 21 | 22,246 | 6,750 | 2,218 | 387 | 15,737 | 6,358 | 1,430 | 32,880 | (10,634) |
| | 22 | 4,566 | 1,173 | 431 | 0 | 3,340 | 1,048 | 293 | 6,285 | (1,719) |
| | 24 | 2,917 | 1,276 | 314 | 3 | 1,868 | 954 | 187 | 4,602 | (1,685) |
| | 25 | 1,243 | 245 | 79 | 0 | 474 | 242 | 80 | 1,120 | 123 |
| | 26 | 40,039 | 11,270 | 2,668 | 0 | 21,635 | 7,017 | 2,573 | 45,163 | (5,124) |
| | 27 | 10,857 | 4,192 | 2,178 | 1 | 6,964 | 3,602 | 694 | 17,631 | (6,774) |
| | 31 | 233 | 164 | 67 | 0 | 191 | 146 | 15 | 583 | (350) |
| | 32 | 1,698 | 538 | 155 | 0 | 1,241 | 459 | 109 | 2,502 | (804) |
| | 36 | 811 | 391 | 179 | 5 | 1,291 | 750 | 51 | 2,667 | (1,856) |
| | 37 | 3,113 | 1,042 | 254 | 4 | 1,776 | 545 | 200 | 3,821 | (708) |
| | 39 | 2,220 | 825 | 347 | 210 | 1,293 | 684 | 143 | 3,502 | (1,282) |
| | 43 | 6,733 | 1,007 | 562 | 405 | 3,898 | 1,163 | 434 | 7,469 | (736) |
| | 46 | 74 | 9 | 8 | 0 | 23 | 29 | 5 | 74 | 0 |
| | 54 | 4,569 | 2,106 | 758 | 324 | 3,713 | 2,274 | 293 | 9,468 | (4,899) |
| | 56 | 71 | 51 | 88 | 406 | 90 | 192 | 5 | 832 | (761) |
| | 57 | 5,792 | 1,259 | 421 | 2 | 2,902 | 1,327 | 370 | 6,281 | (489) |
| | 58 | 2,153 | 501 | 193 | 0 | 981 | 393 | 139 | 2,207 | (54) |
| | 59 | 16,708 | 4,281 | 1,631 | 435 | 9,681 | 4,427 | 1,072 | 21,527 | (4,819) |
| | | 153,409 | 46,717 | 15,583 | 2,244 | 95,032 | 40,362 | 9,844 | 209,782 | (56,373) |
| 7 | 5 | 15,527 | 2,600 | 738 | 36 | 5,774 | 2,945 | 995 | 13,088 | 2,439 |
| | 6 | 64,858 | 13,596 | 4,689 | 586 | 36,727 | 16,665 | 4,133 | 76,396 | (11,538) |
| | 7 | 41,910 | 11,486 | 3,740 | 274 | 24,398 | 11,512 | 2,681 | 54,091 | (12,181) |
| | 11 | 8,184 | 1,515 | 499 | 6 | 4,120 | 2,108 | 527 | 8,775 | (591) |
| | 13 | 2,542 | 689 | 249 | 0 | 1,309 | 466 | 164 | 2,877 | (335) |
| | 21 | 2,298 | 1,257 | 310 | 4 | 2,212 | 1,180 | 148 | 5,111 | (2,813) |
| | 25 | 10,353 | 763 | 306 | 269 | 2,980 | 1,493 | 664 | 6,475 | 3,878 |
| | 26 | 25,719 | 4,901 | 1,885 | 552 | 15,665 | 6,436 | 1,620 | 31,059 | (5,340) |
| | 47 | 525 | 128 | 57 | 0 | 387 | 238 | 34 | 844 | (319) |
| | 48 | 2,836 | 418 | 327 | 14 | 996 | 510 | 181 | 2,446 | 390 |
| | | 174,752 | 37,353 | 12,800 | 1,741 | 94,568 | 43,553 | 11,147 | 201,162 | (26,410) |

# STATEMENT OF ASSESSMENTS AND CURRENT YEAR INJURY COSTS FOR THE YEAR ENDED 31 DECEMBER 1991 (in $,000's)

**SCHEDULE 2 (a)**
**UNAUDITED**

| Class and Sub-Class | | INCOME | COSTS CHARGED TO SUB-CLASSES | | | | | | | NET |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Assessments And OSH Penalties | Wage Loss Compensation | Medical Aid Payments | Pension Awards Capitalized Values | Provision For Unfinalled Claims | Administration And Other Expenses | Special Reserves Costs | Total Costs | Current Year Excess (Deficiency) |
| 8 | 1 | 2,317 | 554 | 194 | 350 | 2,297 | 990 | 149 | 4,534 | (2,217) |
| | 8 | 4,562 | 452 | 156 | 0 | 1,723 | 668 | 294 | 3,293 | 1,269 |
| | 11 | 2,405 | 1,006 | 246 | 1 | 1,250 | 570 | 155 | 3,228 | (823) |
| | 12 | 1,252 | 508 | 111 | 0 | 666 | 440 | 81 | 1,806 | (554) |
| | 20 | 348 | 148 | 41 | 158 | 431 | 229 | 22 | 1,029 | (681) |
| | 23 | 1,337 | 179 | 56 | 1,799 | 796 | 736 | 87 | 3,653 | (2,316) |
| | 51 | 23,337 | 6,815 | 1,899 | 1,456 | 17,088 | 6,277 | 1,512 | 35,047 | (11,710) |
| | | 35,558 | 9,662 | 2,703 | 3,764 | 24,251 | 9,910 | 2,300 | 52,590 | (17,032) |
| 9 | 1 | 2,571 | 1,562 | 323 | 1 | 2,877 | 929 | 164 | 5,856 | (3,285) |
| | 2 | 5,261 | 2,020 | 398 | 14 | 3,273 | 1,424 | 338 | 7,467 | (2,206) |
| | 6 | 3,241 | 865 | 401 | 20 | 1,717 | 711 | 203 | 3,917 | (676) |
| | 9 | 103 | 34 | 11 | 57 | 173 | 59 | 7 | 341 | (238) |
| | 11 | 4,804 | 1,073 | 528 | 380 | 4,307 | 1,438 | 299 | 8,025 | (3,221) |
| | | 15,980 | 5,554 | 1,661 | 472 | 12,347 | 4,561 | 1,011 | 25,606 | (9,626) |
| 14 | 1 | 16,572 | 4,840 | 1,334 | 39 | 10,725 | 4,303 | 1,060 | 22,301 | (5,729) |
| | 6 | 14,401 | 3,608 | 1,045 | 7 | 8,969 | 3,353 | 926 | 17,908 | (3,507) |
| | | 30,973 | 8,448 | 2,379 | 46 | 19,694 | 7,656 | 1,986 | 40,209 | (9,236) |
| 38 | | 296 | 39 | 23 | 0 | 186 | 30 | 19 | 297 | (1) |
| **Total Classes** | | 537,738 | 137,101 | 46,047 | 14,682 | 332,134 | 143,600 | 34,443 | 708,007 | (170,269) |
| 10 | | 10,396 | 2,388 | 778 | 12 | 5,881 | 1,778 | 435 | 11,272 | (876) |
| 12 | | 2,851 | 609 | 222 | 39 | 1,323 | 617 | 155 | 2,965 | (114) |
| 13 | | 18,575 | 3,515 | 1,137 | 6 | 6,023 | 3,067 | 659 | 14,407 | 4,168 |
| 18 | | (98) | 15 | 6 | 5 | 80 | 18 | 5 | 129 | (227) |
| 19 | | 6,107 | 3,141 | 1,217 | 223 | 0 | 1,490 | 0 | 6,071 | 36 |
| **Total Deposit Accounts** | | 37,831 | 9,668 | 3,360 | 285 | 13,307 | 6,970 | 1,254 | 34,844 | 2,987 |
| **Total Deposit Accounts and Classes** | | 575,569 | 146,769 | 49,407 | 14,967 | 345,441 | 150,570 | 35,697 | 742,851 | (167,282) |
| **Silicosis** | | | | | | | | | | |
| 2 | 3 | 0 | 0 | 0 | 73 | 595 | 34 | 0 | 702 | (702) |
| | 4 | 0 | 33 | 1 | 0 | 340 | 532 | 0 | 906 | (906) |
| | | 0 | 33 | 1 | 73 | 935 | 566 | 0 | 1,608 | (1,608) |
| **Rounding** | | 3 | 1 | 4 | (2) | 3 | 3 | 0 | 9 | (6) |
| **Grand Total** | | 575,572 | 146,803 | 49,412 | 15,038 | 346,379 | 151,139 | 35,697 | 744,468 | (168,896) |

NOTE: 1. Assessments and OSH Penalties Income.
As a significant portion of assessment income is not received until after year end, the amount shown is an estimate based on statistical data. Adjustments to this estimate are made in the following year.

2. Class and Sub-Class Descriptions
For a complete description of Classes and Sub-Classes, see *Statistics '91* (the companion booklet to this report) beginning on page 39. *Statistics '91* is available from any WCB office.

# STATEMENT OF CHANGES IN SUB-CLASS BALANCES FOR THE YEAR ENDED 31 DECEMBER 1991 (in $,000's)

**SCHEDULE 2 (b)**
**UNAUDITED**

| Class and Sub-Class | | Unappropriated Balance 1 January Balances | Current Year Excess (Deficiency) | Adjustment To Prior Years' Actuarial Estimates | Unappropriated Balance 31 December Balances |
|---|---|---|---|---|---|
| 1 | 2 | 42,973 | (1,271) | 18,615 | 60,317 |
| | 4 | 8,288 | (8,461) | 836 | 663 |
| | 5 | 7,218 | (30,033) | 1,923 | (20,892) |
| | 7 | 56 | (1,549) | (3,989) | (5,482) |
| | 9 | 3,762 | (2,098) | 2,400 | 4,064 |
| | | 62,297 | (43,412) | 19,785 | 38,670 |
| 4 | 3 | (87) | (79) | 3,400 | 3,234 |
| | 11 | (3,221) | (566) | 3,043 | (744) |
| | 18 | 330 | (89) | (570) | (329) |
| | 30 | 10,847 | (7,445) | 1,000 | 4,402 |
| | | 7,869 | (8,179) | 6,873 | 6,563 |
| 6 | 2 | 12,813 | (6,870) | 99 | 6,042 |
| | 3 | 4,492 | (1,225) | 690 | 3,957 |
| | 4 | (1,791) | (756) | (209) | (2,756) |
| | 5 | 930 | (648) | 291 | 573 |
| | 8 | 1,897 | (786) | 597 | 1,708 |
| | 17 | 114 | 113 | (19) | 208 |
| | 18 | (1,092) | (273) | (75) | (1,440) |
| | 20 | 2,886 | (3,357) | 1,775 | 1,304 |
| | 21 | (19,336) | (10,634) | (4,083) | (34,053) |
| | 22 | (4,805) | (1,719) | (44) | (6,568) |
| | 24 | 145 | (1,685) | 219 | (1,321) |
| | 25 | (2,119) | 123 | 311 | (1,685) |
| | 26 | (16,050) | (5,124) | 4,866 | (16,308) |
| | 27 | 13,634 | (6,774) | 4,294 | 11,154 |
| | 31 | 953 | (350) | 352 | 955 |
| | 32 | 1,034 | (804) | 270 | 500 |
| | 36 | 3,882 | (1,856) | (1,155) | 871 |
| | 37 | (2,996) | (708) | 1,540 | (2,164) |
| | 39 | (1,515) | (1,282) | 737 | (2,060) |
| | 43 | 4,180 | (736) | 2,927 | 6,371 |
| | 46 | 131 | 0 | (17) | 114 |
| | 54 | 1,203 | (4,899) | 262 | (3,434) |
| | 56 | 612 | (761) | 101 | (48) |
| | 57 | (1,539) | (489) | 1,407 | (621) |
| | 58 | (2,233) | (54) | (1,276) | (3,563) |
| | 59 | 5,103 | (4,819) | 9,192 | 9,476 |
| | | 533 | (56,373) | 23,052 | (32,788) |
| 7 | 5 | (84) | 2,439 | 2,051 | 4,406 |
| | 6 | 6,715 | (11,538) | 11,394 | 6,571 |
| | 7 | (3,121) | (12,181) | 4,575 | (10,727) |
| | 11 | (5,641) | (591) | 371 | (5,861) |
| | 13 | 726 | (335) | 1,445 | 1,836 |
| | 21 | 2,024 | (2,813) | (1,229) | (2,018) |
| | 25 | (18,216) | 3,878 | (705) | (15,043) |
| | 26 | 14,508 | (5,340) | 4,453 | 13,621 |
| | 47 | 1,659 | (319) | 366 | 1,706 |
| | 48 | 1,324 | 390 | 5,722 | 7,436 |
| | | (106) | (26,410) | 28,443 | 1,927 |

# STATEMENT OF CHANGES IN SUB-CLASS BALANCES FOR THE YEAR ENDED 31 DECEMBER 1991 (in $,000's)

**SCHEDULE 2 (b)**
**UNAUDITED**

| Class and Sub-Class | | Unappropriated Balance 1 January Balances | Current Year Excess (Deficiency) | Adjustment To Prior Years' Actuarial Estimates | Unappropriated Balance 31 December Balances |
|---|---|---|---|---|---|
| 8 | 1 | (1,312) | (2,217) | (516) | (4,045) |
| | 8 | (10,738) | 1,269 | (1,905) | (11,374) |
| | 11 | (789) | (823) | 1,022 | (590) |
| | 12 | 212 | (554) | (887) | (1,229) |
| | 20 | 1,590 | (681) | 339 | 1,248 |
| | 23 | 5,894 | (2,316) | 2,307 | 5,885 |
| | 51 | 29,862 | (11,710) | 8,085 | 26,237 |
| | | 24,719 | (17,032) | 8,445 | 16,132 |
| 9 | 1 | 5,836 | (3,285) | 4,103 | 6,654 |
| | 2 | 1,591 | (2,206) | 2,229 | 1,614 |
| | 6 | 470 | (676) | 1,115 | 909 |
| | 9 | 538 | (238) | 121 | 421 |
| | 11 | 8,491 | (3,221) | 995 | 6,265 |
| | | 16,926 | (9,626) | 8,563 | 15,863 |
| 14 | 1 | (1,277) | (5,729) | 521 | (6,485) |
| | 6 | 2,864 | (3,507) | 8,637 | 7,994 |
| | | 1,587 | (9,236) | 9,158 | 1,509 |
| 38 | | 5,461 | (1) | 1,191 | 6,651 |
| **Total Classes** | | 119,286 | (170,269) | 105,510 | 54,527 |
| 10 | | 0 | (876) | 876 | 0 |
| 12 | | 0 | (114) | 114 | 0 |
| 13 | | 0 | 4,168 | (4,168) | 0 |
| 18 | | 0 | (227) | 227 | 0 |
| 19 | | 0 | 36 | (36) | 0 |
| **Total Deposit Accounts** | | 0 | 2,987 | (2,987) | 0 |
| **Total Deposit Accounts and Classes** | | 119,286 | (167,282) | 102,523 | 54,527 |
| **Silicosis** | | | | | |
| 2 | 3 | 2,828 | (702) | 286 | 2,412 |
| | 4 | 9,363 | (906) | 1,189 | 9,646 |
| | | 12,191 | (1,608) | 1,475 | 12,058 |
| **Rounding** | | (1) | (6) | 5 | (2) |
| **Grand Total** | | 131,476 | (168,896) | 104,003 | 66,583 |

NOTE: 1. Restatement.
The opening balances have been restated reflecting the retroactive effect of the changes in accounting policies described in Note 3 to the financial statements.

2. Class and Sub-Class Descriptions
For a complete description of Classes and Sub-Classes, see *Statistics '91* (the companion booklet to this report) beginning on page 39.
*Statistics '91* is available from any WCB office.

## STATEMENT OF ADMINISTRATION EXPENSES FOR THE YEAR ENDED 31 DECEMBER 1991 (in $,000's)

**SCHEDULE 3**
**UNAUDITED**

| | 1991 | 1990 |
|---|---|---|
| Salaries and employees' benefits | 107,734 | 90,814 |
| Depreciation | 10,102 | 10,459 |
| Building and services | 8,800 | 7,538 |
| Consulting fees | 7,502 | 5,773 |
| Equipment | 5,151 | 3,682 |
| Advertising | 4,577 | 3,572 |
| Miscellaneous | 4,474 | 2,400 |
| Communications | 4,021 | 3,656 |
| Staff travel | 3,087 | 2,946 |
| Supplies and stationery | 3,065 | 3,312 |
| Preliminary building development costs | 1,298 | - |
| Publications | 1,200 | 919 |
| Industry hearing examinations | 771 | 945 |
| Automobile fleet | 723 | 653 |
| Patients' meals | 627 | 525 |
| Medical review panel | 461 | 526 |
| Employee relocation | 341 | 245 |
| | 163,934 | 137,965 |
| Miscellaneous income | (3,125) | (2,826) |
| | 160,809 | 135,139 |
| Less: Allocated to medical aid | (18,838) | (15,736) |
| Allocated to investment income | (346) | (299) |
| **TOTAL ADMINISTRATION EXPENSES** | 141,625 | 119,104 |

## PORTFOLIO INVESTMENTS HELD AS AT 31 DECEMBER 1991 (in $,000's)

**SCHEDULE 4**
**UNAUDITED**

| | 1991 | 1990 |
|---|---|---|
| Fixed-term investments, over one year, amortized cost | | |
| Government of Canada and Federal Crown Corporations | 119,100 | 121,923 |
| Province of British Columbia and Crown Corporations | 351,211 | 197,048 |
| British Columbia Municipal and School | 143,967 | 358,633 |
| Other Provinces and Crown Corporations | 2,124,763 | 1,873,767 |
| | 2,739,041 | 2,551,371 |
| Equities, market value | | |
| Canadian Index Fund | 321,232 | 285,907 |
| Externally managed Canadian funds | 323,303 | 101,813 |
| | 644,535 | 387,720 |
| Fixed-term investments, under one year, amortized cost | 211,604 | 377,455 |
| Bank indebtedness | (15,950) | (13,095) |
| | 3,579,230 | 3,303,451 |

## COMMENTARY ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1991

**UNAUDITED**

The following commentary is provided to assist readers in understanding the intent and content of the preceding financial Exhibits and Schedules.

**Exhibit 1 – Balance Sheet**

This Exhibit reveals the Board's financial position at the end of its fiscal year. It identifies all assets owned by the Board, such as investments, capital assets and amounts receivable from others. It also discloses the amounts owed to others as a result of day to day operations, and the actuarial estimate of the present value of pensions and other costs of claims to be paid by the Board in future years for existing claimants. These Accident Fund liabilities are evaluated each year, and independently confirmed by the Consulting Actuary.

The amount by which the assets exceed the liabilities is called, in this Exhibit, the "Unappropriated balance."

Exhibits 2 to 4 analyze the changes which occurred during the year for certain of the Balance Sheet items.

**Exhibit 2 – Statement of Income and Expense and Unappropriated Balance**

This Exhibit gives a breakdown of the Board's income and expenses for the year and shows how the net of these items resulted in the change for the year in the unappropriated balance.

Income comprises assessments received from B.C. employers and from investment earnings. In this Exhibit, expenses are classified into the two categories of compensation costs and administration and other expenses. Compensation costs are further classified into the categories of claims arising in the current year, claims made in prior years, and special reserve costs.

Readers should also examine Schedule 1, which further analyzes the change in the Unappropriated Balance.

**Exhibit 3 – Statement of Changes in Fund Liabilities**

As described under Exhibit 1, the liabilities of the Accident Fund are adjusted each year to reflect the current year's claims and a re-evaluation of past years' remaining liabilities based on current conditions. Exhibit 3 reveals the items which were added to the liabilities (mainly the addition of current year costs) and the items deducted from the liabilities (mainly payments made) during the year.

The fund is further segregated between the Accident and Silicosis Funds.

Shown at the bottom of this Exhibit are the portions of the fund represented by pensions awarded and by estimates of future costs of claims currently unfinalled (i.e. where no pension award has yet been made).

**Exhibit 4 – Statement of Changes in Financial Position**

This Exhibit sets out all of the Board's sources of funds during the year and those areas to which the funds were applied. These sources and dispositions of funds are categorized into the two main activities of the Board, operating and other. The net increase in funds was invested; therefore, the statement shows all those items which caused the change

during the year in the value of investments carried on Exhibit 1.

Within operating activities the Exhibit begins with the net loss (from Exhibit 2) and adjusts this amount for items included in it which do not involve cash. Then it adjusts for cash transactions which are charged directly to the Accident Fund liabilities to arrive at the amount of cash generated from operations.

Other activities reflect the purchase of capital assets together with the changes in the Board's assets and liabilities which generate or use cash.

**Schedule 1 – Statement of All Years' Claims Costs and Unappropriated Balance**

This Schedule reveals how the Board's income and expenses during the year, together with the change in the Accident Fund liabilities and with the change in the reserves, have resulted in a change in the Unappropriated Balance.

The income figures are the same as those on Exhibit 2, while the expense section combines and categorizes payments for the current year claims from Exhibit 2 with payments for prior years' claims from the Accident Fund on Exhibit 3.

**Schedule 2(a) – Current Year - Statement of Assessments and Current Year Injury Costs**

Both this Schedule and Schedule 2(b) break down the contents of Exhibit 2 by sub-class. This schedule shows the total of the elements comprising the changes in the sub-class balances for the current year. The total of this schedule, referred to as the Current Year Excess (Deficiency), is transferred to Schedule 2(b) under the same name.

**Schedule 2(b) – Balance Changes - Statement of Changes in Sub - Class Balances**

This Schedule further breaks down the contents of Exhibit 2 by sub-class.

It provides employers with a summary for the year of the changes which occurred in their own sub-class balances of the Unappropriated Balance.

**Schedule 3 – Statement of Administration Expenses**

This Schedule gives an analysis of the major types of administration expenses on a comparative basis.

The reductions at the bottom of this schedule disclose:

(a) administration costs incurred for the Rehabilitation Centre and the Residence which are reclassified to medical aid costs, and

(b) administration costs incurred in executing the investment program which are reclassified against investment income.

**Schedule 4 – Portfolio Investments Held**

This Schedule reveals the composition of the Board's fixed-term (over one year) investments by groupings of type of jurisdiction or organization, equities by type of management, as well as the total for each of fixed-term (under one year) investments and bank indebtedness.

# TEN-YEAR SUMMARY OF FINANCIAL STATEMENTS

**UNAUDITED**

**BALANCE SHEET**
**AS AT 31 DECEMBER (in $,000's)**

| | 1991 | 1990 | 1989 | 1988 | 1987 | 1986 | 1985 | 1984 | 1983 | 1982 |
|---|---|---|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | | | | |
| Assessments and accrued interest receivable | 239,469 | 220,806 | 198,030 | 135,265 | 115,566 | 127,873 | 152,946 | 159,846 | 162,974 | 181,669 |
| Deposit account unfinalled claims receivable | 92,274 | 84,291 | 79,929 | 80,585 | 69,730 | 69,157 | 66,747 | 66,738 | 60,317 | 51,069 |
| Portfolio investments | 3,579,230 | 3,303,451 | 3,071,519 | 2,819,656 | 2,601,569 | 2,429,469 | 2,127,697 | 1,769,642 | 1,468,922 | 1,196,402 |
| Capital assets | 81,971 | 61,182 | 60,719 | 58,304 | 55,032 | 56,725 | 48,271 | 47,949 | 50,152 | 51,283 |
| | 3,992,944 | 3,669,730 | 3,410,197 | 3,093,810 | 2,841,897 | 2,683,224 | 2,395,661 | 2,044,175 | 1,742,365 | 1,480,423 |
| **LIABILITIES, RESERVES AND UNAPPROPRIATED BALANCE** | | | | | | | | | | |
| Accounts payable and accrued liabilities | 40,962 | 20,874 | 16,390 | 17,212 | 17,601 | 22,315 | 22,716 | 17,416 | 17,226 | 16,083 |
| Deferred portfolio investment gains (losses) | 20,447 | (31,729) | (1,250) | (2,192) | (6,053) | (2,519) | (5,860) | (11,786) | (12,110) | (13,255) |
| Accident fund: | | | | | | | | | | |
| Liabilities | 3,824,952 | 3,509,109 | 3,111,688 | 2,810,313 | 2,543,038 | 2,337,050 | 2,295,334 | 2,257,611 | 2,143,828 | 1,957,779 |
| Special reserves | 40,000 | 40,000 | 40,183 | 39,918 | 37,846 | 34,526 | 32,589 | 22,069 | 16,429 | 12,178 |
| Unappropriated (unfunded) balance | 66,583 | 131,476 | 243,186 | 228,559 | 249,465 | 291,852 | 50,882 | (241,135) | (423,008) | (492,362) |
| | 3,992,944 | 3,669,730 | 3,410,197 | 3,093,810 | 2,841,897 | 2,683,224 | 2,395,661 | 2,044,175 | 1,742,365 | 1,480,423 |

**STATEMENT OF INCOME AND EXPENSE AND UNAPPROPRIATED BALANCE**
**FOR THE YEAR ENDED 31 DECEMBER (in $,000's)**

| | 1991 | 1990 | 1989 | 1988 | 1987 | 1986 | 1985 | 1984 | 1983 | 1982 |
|---|---|---|---|---|---|---|---|---|---|---|
| **INCOME** | | | | | | | | | | |
| Assessments and other income | 575,572 | 551,028 | 520,737 | 441,951 | 323,364 | 421,339 | 478,219 | 480,053 | 457,839 | 483,868 |
| Investment income | 329,617 | 324,859 | 310,491 | 269,921 | 244,015 | 227,508 | 200,882 | 162,474 | 138,323 | 135,373 |
| | 905,189 | 875,887 | 831,228 | 711,872 | 567,379 | 648,847 | 679,101 | 642,527 | 596,162 | 619,241 |
| **EXPENSE** | | | | | | | | | | |
| Compensation costs | | | | | | | | | | |
| Current year claims | 557,632 | 534,669 | 454,302 | 400,189 | 335,785 | 297,307 | 285,692 | 288,373 | 293,034 | 310,439 |
| Prior year claims | 225,614 | 298,390 | 238,688 | 222,414 | 175,525 | 26,452 | 14,198 | 88,774 | 149,116 | 218,854 |
| Special reserves costs | 35,697 | 24,997 | 19,000 | 16,000 | 17,000 | 10,500 | 19,000 | 16,500 | 16,500 | 12,300 |
| | 818,943 | 858,056 | 711,990 | 638,603 | 528,310 | 334,259 | 318,890 | 393,647 | 458,650 | 541,593 |
| Administration and other expenses | 151,139 | 129,541 | 104,611 | 94,175 | 81,456 | 73,618 | 68,194 | 67,007 | 68,158 | 66,908 |
| | 970,082 | 987,597 | 816,601 | 732,778 | 609,766 | 407,877 | 387,084 | 460,654 | 526,808 | 608,501 |
| **NET (LOSS) INCOME** | (64,893) | (111,710) | 14,627 | (20,906) | (42,387) | 240,970 | 292,017 | 181,873 | 69,354 | 10,740 |
| **UNAPPROPRIATED (UNFUNDED) BALANCE – 1 January** | 131,476 | 243,186 | 228,559 | 249,465 | 291,852 | 50,882 | (241,135) | (423,008) | (492,362) | (503,102) |
| **UNAPPROPRIATED (UNFUNDED) BALANCE – 31 December** | 66,583 | 131,476 | 243,186 | 228,559 | 249,465 | 291,852 | 50,882 | (241,135) | (423,008) | (492,362) |

Note:
The above amounts have been restated reflecting the retroactive effects of changes in accounting policies.

## *WCB Management Philosophy*

*At the WCB, we are committed to creating an exemplary workplace where the values shared by all of us will result in superior quality service to our clients.*

*This means we will encourage and assist everyone to:*
*excel in all we do;*
*be empowered through trust;*
*be fair, impartial, honest and ethical;*
*be accountable for actions and decisions;*
*treat each other with respect and courtesy;*
*be proactive, responsive and demonstrate a sense of urgency;*
*communicate clearly, concisely, openly and effectively;*
*contribute ideas for improvement;*
*be innovative and creative;*
*take pride in individual and team successes;*
*be enthusiastic and enjoy work;*
*enhance job skills;*
*be tolerant of human error and learn from our mistakes;*
*be concerned about value for money;*
*work in a safe and healthy manner;*
*be environmentally responsible;*
*and be committed to fulfilling the WCB mission.*

*Living by these values will ensure that services to our clients are:*
*explained clearly and simply;*
*helpful, courteous and of high quality;*
*regularly reviewed and measured to ensure they are fair and appropriate, sensitive to client needs, consistent and cost-effective.*

*Our Actions Will Reflect Our Dedication to People and Service.*